



April 6, 2006

Utah Division of Oil Gas and Mining
ATTN: Diana Whitney
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

RE: Corrected Form 3's

Dear Ms. Whitney

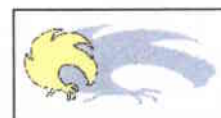
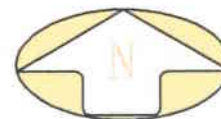
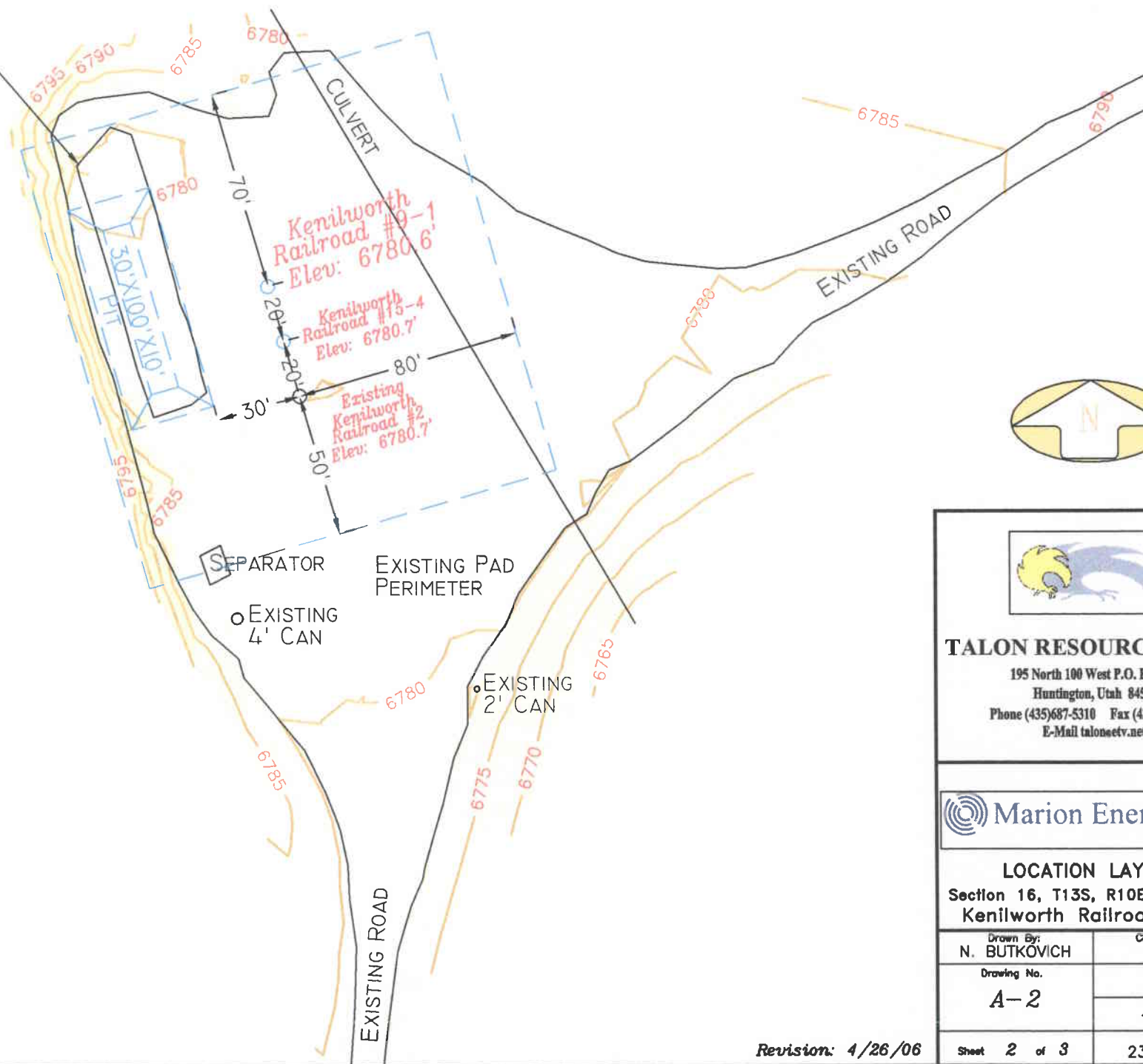
Per your request please find enclosed the corrected form 3's for the Cordingly Canyon #10-1, Kenilworth railroad #9-1 and the Kenilworth Railroad #15-4. I appreciate your help and direction in submitting these APD's as I realize that you are exceptionally busy.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

Existing
Pit Area



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonnetv.net

 **Marion Energy Inc.**

LOCATION LAYOUT
Section 16, T13S, R10E, S.L.B.&M.
Kenilworth Railroad #9-1

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 3/27/06
	Scale: 1" = 50'
Sheet 2 of 3	Job No. 2344/2405

Revision: 4/26/06



April 13, 2006

1594 W. North Temple
Suite 1201
Salt lake City, UT
84116

RE: Sundry Form 9

Dear Ms. Whitney

Please find enclosed the original executed copies of our Sundry Form 9's that Mark Jones has requested we submit for our recently submitted APD's. Mr. Jones felt that we needed further contact information regarding the surface owners at our well locations and suggested I fill out a Form 9 for each well outlining the contact information for American Electric Power.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

Fee-BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

Kenilworth Railroad #9-1

9. API NUMBER:

4300731172

10. FIELD AND POOL, OR WILDCAT:

Helper Field

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

2. NAME OF OPERATOR:

Marion Energy Inc. (N2740)

3. ADDRESS OF OPERATOR:

119 S. Tennessee Ste 200 CITY McKinney

STATE TX

ZIP 75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1,542.76ft FNL 1,103.14ft FEL NE/4 Section 16 13S-10E

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

☐ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: Additional APD
Information

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Surface Owner Contact Information:

Company Name: American Electric Power

Address: 248 South Lake Drive
Prestonsburg, KY, 41653

Telephone Number: (606) 889-3328

Contact Name: Mr. Nelson Kidder (President)

E-mail address: nlkidder@aep.com

NAME (PLEASE PRINT) Benjamin Evans

TITLE Landman

SIGNATURE

DATE

4/13/06

(This space for State use only)

RECEIVED

APR 14 2006

DIV. OF OIL, GAS & MINING



April 13, 2006

Utah Division of Oil Gas and Mining
ATTN: Diana Whitney
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

RE: Marion Energy Inc. Helper Surface Use Letters
Helper Prospect, 13S-10E, Carbon County, Utah

Dear Ms. Whitney

Please find enclosed copies of our surface use letters for the recently submitted APD's that pertain to our north Helper prospect located in 13S-10E Carbon County Utah.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

RECEIVED
APR 14 2006

DIV. OF OIL, GAS & MINING



Marion Energy Inc.

March 31, 2006

Mr. Nelson L. Kidder
American Electric Power
248 South Lake Drive
Prestonsburg, KY, 41653

RE: Ballpark Canyon #16-2 (SW/4 Section 16 13S-10E, Carbon County, Utah)
Ballpark Canyon #17-2 (SW/4 Section 16 13S-10E, Carbon County, Utah)
✓ Kenilworth Railroad #9-1 (NE/4 Section 16 13S-10E, Carbon County, Utah)
Kenilworth Railroad #15-4 (NE/4 Section 16 13S-10E, Carbon County, Utah)
Cordingly Canyon #10-1 (NE/4 Section 15 13S-10E, Carbon County, Utah)
Kenilworth Railroad #15-3 (SE/4 Section 16 13S-10E, Carbon County, Utah)
Blackhawk Coal Lease Dated June 15th 2004

Dear Mr. Kidder

This letter is intended to seek your permission to commence drilling operations on the wells referenced above. AEP is the surface owner at these locations, and Marion Energy, Inc. as operator of the properties underlying the Blackhawk Lease, seeks your permission as soon as possible to begin the construction of these locations so that Marion may commence drilling operations. The wells referenced above are to be drilled directionally from pads that are currently in place, these pads being the Ballpark Canyon #1, Kenilworth Railroad #1, Kenilworth Railroad #2, and the Cordingly Canyon #15-2, meaning any modification involved at these locations would be limited in scope due to the existence of our current pad sites.

Should you concur with our request to commence the modification of above referenced well locations, please signify your acceptance in the space provided below.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

Blackhawk Coal Company, as Lessor under the above referenced lease, hereby consents to allow Marion Energy Inc. to commence the modification of the Ballpark Canyon #16-2, Ballpark Canyon #17-2, Kenilworth Railroad #9-1, Kenilworth Railroad #15-4, Cordingly Canyon #10-1 and Kenilworth Railroad #15-3 well locations.

By:

Date:

Name: Nelson Kidder

Title: Vice President
AEP Coal, Inc.

RECEIVED

APR 14 2006

119 South Tennessee, Suite 200, McKinney, TX, 75069
Telephone: (972) 540-2967
Fax: (972) 547-0442

DIV. OF OIL, GAS & MINERAL



April 28, 2006

Utah Division of Oil Gas and Mining
ATTN: Diana Whitney
1594 West North Temple, Suite 1210
Salt Lake City, Utah
84116

RE: Directional Drilling R649-3-11

Kenilworth Railroad #9-1: (1552.35ft FNL, 1136.80ft FEL NE/4 Section 16 13S-10E at Surface)
(923ft FSL 1,432ft FEL SE/4 Section 9 13S-10E producing zone)
Helper Prospect, 13S-10E, Carbon County, Utah

Dear Ms. Whitney

Pursuant to the filing of Marion Energy Inc.'s Application for Permit to Drill regarding the above referenced well on April 2 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the Exception to Location and Siting of Wells.

The Kenilworth Railroad #9-1 is located within the North Helper prospect area.

Marion Energy Inc. is permitting this well as a directional well in order to minimize surface disturbance by utilizing a pad that is currently in existence. Locating the well at the surface location and directionally drilling from this location, Marion Energy Inc. will be able to utilize the existing road and pipeline that is currently in place.

Furthermore, Marion Energy Inc. hereby certifies that it is the owner within 460ft of the entire directional well bore.

Therefore, based on the above stated information Marion Energy Inc. requests the permit be granted pursuant to Oil and Gas Conservation Rule R649-3-11.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email bevans@marionenergy.com

Sincerely,

Benjamin Evans
Landman
Marion Energy Inc.

MAY 01 2006

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☒
(highlight changes)

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: FEE-BH-61504	6. SURFACE: Fee
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER <u>CBM</u> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Marion Energy Inc.		9. WELL NAME and NUMBER: Kenilworth Railroad #9-1	
3. ADDRESS OF OPERATOR: 119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069		PHONE NUMBER: (972) 540-2967	10. FIELD AND POOL, OR WILDCAT: Helper Field
4. LOCATION OF WELL (FOOTAGES) 517071X 43940684 39.498176 -110.700855 AT SURFACE: 1552.35ft FNL, 1136.80ft FEL NE/4 Section 16 13S-10E AT PROPOSED PRODUCING ZONE: 923ft FSL 1,432ft FEL SE/4 Section 9 13S-10E 516980X 43948201 39.704952 -110.801931		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Adjacent to town of Kenilworth, approximately 1/2 mile northwest		12. COUNTY: Carbon	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1,544ft FNL	16. NUMBER OF ACRES IN LEASE: 3000	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 20' from vertical well drilled in NE4 S16 13S-10E	19. PROPOSED DEPTH: 6,636	20. BOND DESCRIPTION: See Attached Bond Document	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6780.6' GR	22. APPROXIMATE DATE WORK WILL START: 5/12/2006	23. ESTIMATED DURATION: 2 1/2 Weeks	

PROPOSED CASING AND CEMENTING PROGRAM

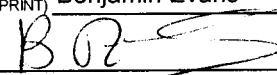
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
16 3/4"	13 3/8" J-55 61#	500	Premium "G" 384 sx 1.25 cuft/sk 14.2 ppg
12 1/4"	8 5/8" J-55 26.4#	2,900	Lead: Prem. Lite 281 sx 3.82 cuft/sk 11 ppg
			Tail:50/50 Poz 96 sx 1.25 cuft/sk 14.2 ppg
7 7/8"	5 1/2" J-55 17#	6,636	Lead: Prem. Lite 76 sx 3.82 cuft/sk 11 ppg
			Tail:50/50 Poz 906 sx 1.25 cuft/sk 14.2 ppg

ATTACHMENTS

25. VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Benjamin Evans TITLE Landman

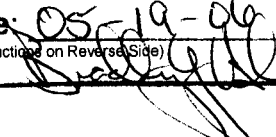
SIGNATURE  DATE 4/28/06

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31172

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL

Date: 05-19-06
By: 

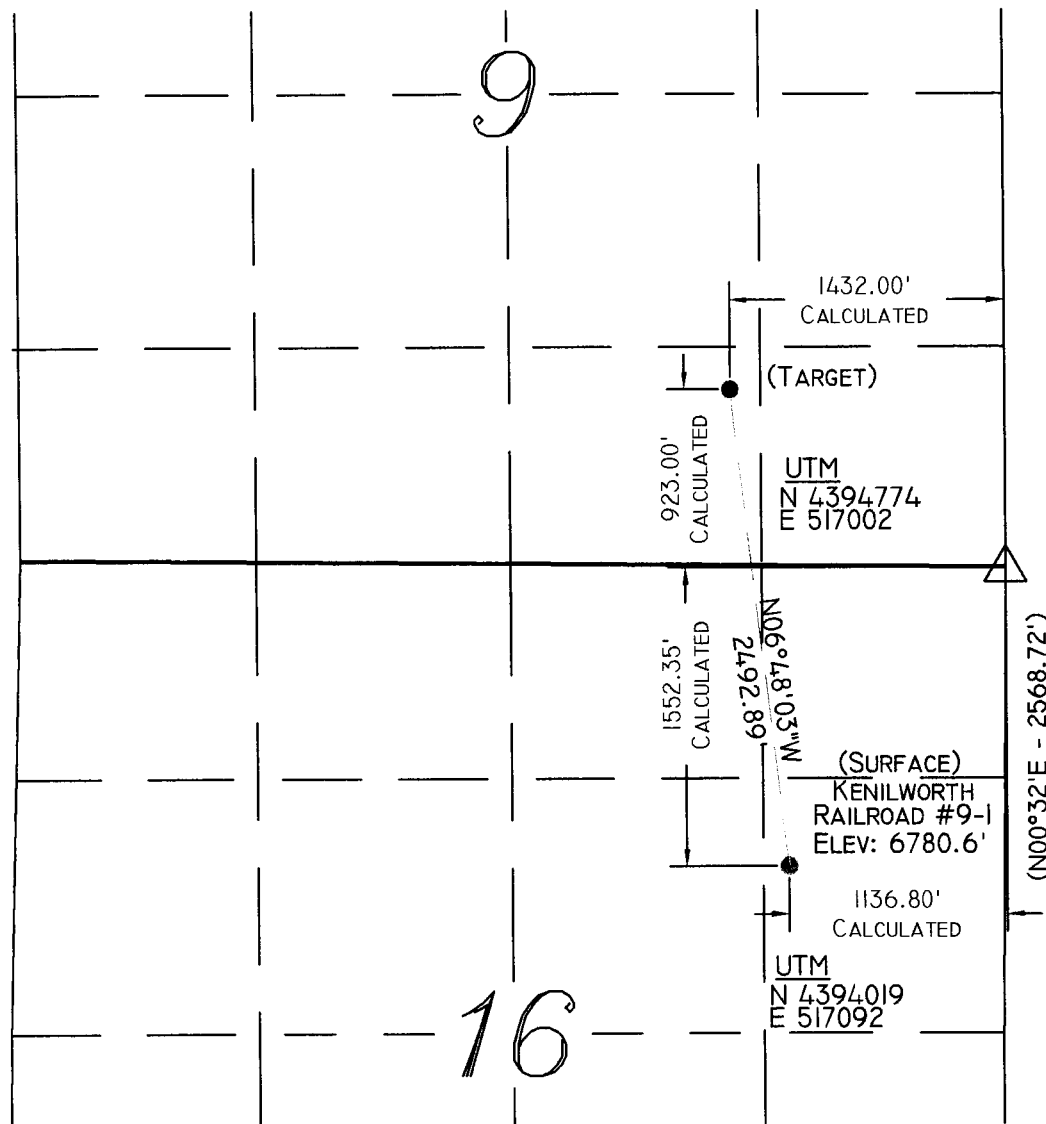
(See Instructions on Reverse Side)

MAY 01 2006

Township 13 South

(N01°34'E - 2488.86')

Range 10 East



Legend

- Drill Hole Location
- Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- Calculated Corner
- GLO
- GPS Measured

NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

SURFACE
LAT / LONG
39°41'51.840"N
110°48'02.327"W

TARGET
LAT / LONG
39°42'16.336"N
110°48'06.036"W

Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

Basis of Bearing:

The Basis of Bearing is GPS Measured.

GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

Basis of Elevation:

Basis of Elevation of 6561' being at the Southwest Section Corner of Section 16, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

Description of Location:

Surface Location

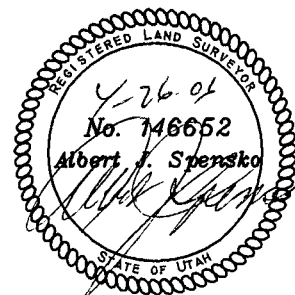
Proposed Drill Hole located in the SE/4 NE/4 of Section 16, T13S, R10E, S.L.B.&M., being 1552.35' South and 1136.80' West from the Northeast Section Corner of Section 16, T13S, R10E, Salt Lake Base & Meridian.

Target Location

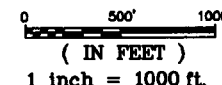
Proposed Target located in the SW/4 SE/4 of Section 9, T13S, R10E, S.L.B.&M., being 923.00' North and 1432.00' West from the Southeast Section Corner of Section 9, T13S, R10E, Salt Lake Base & Meridian.

Surveyor's Certificate:

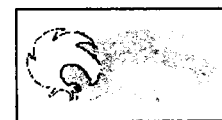
I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



GRAPHIC SCALE



Revision: 4/26/06



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talonectv.net



Marion Energy Inc.

Kenilworth Railroad #9-1
Section 16, T13S, R10E, S.L.B.&M.
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 3/28/06
	Scale: 1" = 1000'
Sheet 1 of 3	Job No. 2344/2405

MARION ENERGY
Kenilworth Railroad #9-1
Carbon County, Utah



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	352.43	0.00	0.00	0.00	0.00	0.00	0.00	
2	1500.00	0.00	352.43	1500.00	0.00	0.00	0.00	352.43	0.00	Start 1st Build
3	1700.00	2.00	352.43	1699.96	3.46	-0.46	1.00	-7.57	3.49	Start 2nd Build
4	4100.00	50.00	352.43	3794.54	1016.15	-135.04	2.00	0.00	1025.08	End 2nd Build
5	6012.71	50.00	352.43	5024.00	2468.60	-328.07	0.00	0.00	2490.30	#9-1 Target
6	6635.00	50.00	352.43	5424.00	2941.15	-390.87	0.00	0.00	2967.00	TD

FIELD DETAILS

Carbon, Utah (UTM meters)

Geodetic System: Universal Transverse Mercator
 Ellipsoid: NAD27 (Clarke 1866)
 Zone: UTM Zone 12, North 114W to 108W
 Magnetic Model: bggm2005

System Datum: Mean Sea Level
 Local North: Grid North

SITE DETAILS

Kenilworth Railroad #9-1
 Carbon County, Utah
 SE/NE Sec. 16, T13S, R10E

Site Centre Northing: 4394022.00
 Easting: 517102.00

Ground Level: 6780.60
 Positional Uncertainty: 0.00
 Convergence: 0.13

WELL DETAILS

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
Kenilworth Railroad #9-1	0.00	0.00	4394022.00	517102.00	39°41'51.936N	110°48'01.907W	N/A

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
#9-1 Target	5024.00	2467.19	-328.08	Point

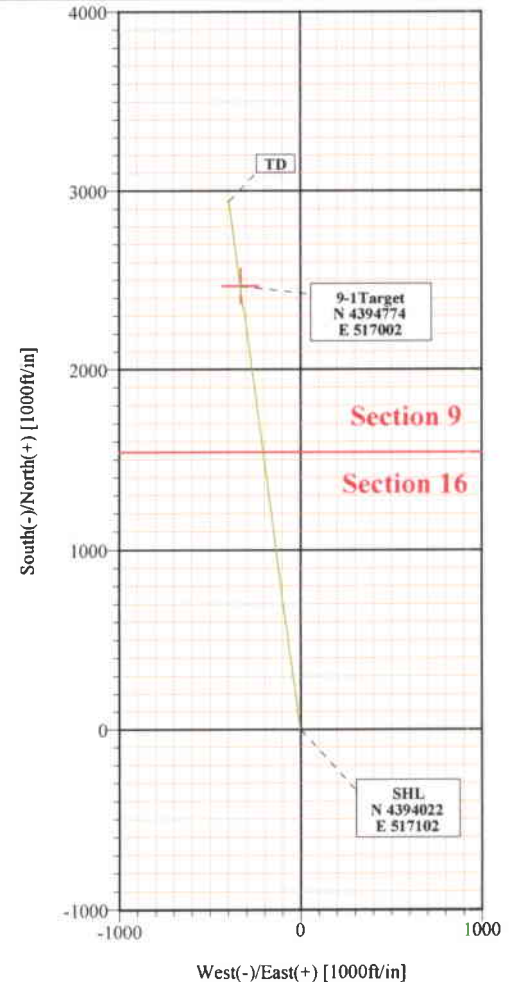
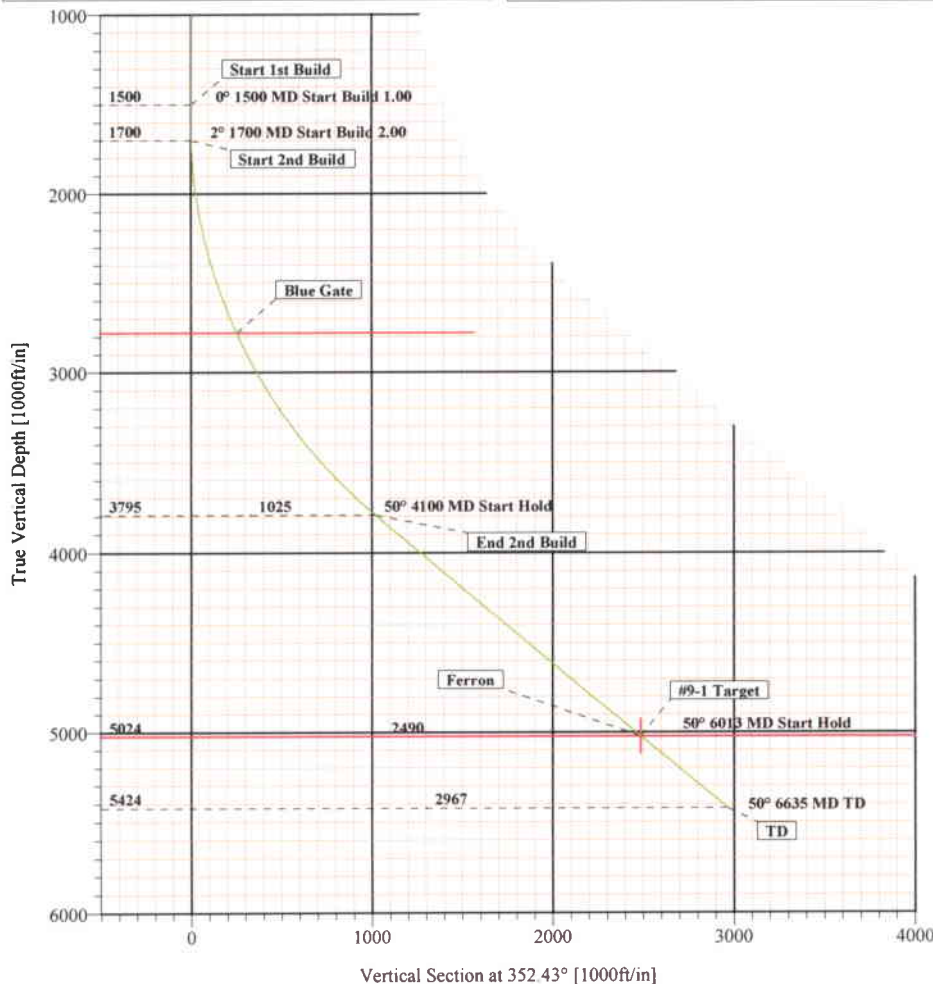
CASING DETAILS

No.	TVD	MD	Name	Size
-----	-----	----	------	------

No casings on this wellpath.

FORMATION TOP DETAILS

No.	TVDPath	MDPath	Formation
1	2780.00	2816.23	Blue Gate
2	5024.00	6012.71	Ferron



Weatherford International

Planning Report

Company: Marion Energy		Date: 5/12/2006	Time: 15:51:46	Page: 1
Field: Carbon, Utah (UTM meters)		Co-ordinate(NE) Reference: Site: Kenilworth Railroad #9-1		
Site: Kenilworth Railroad #9-1		Vertical (TVD) Reference: SITE 0.0		
Well: Kenilworth Railroad #9-1		Section (VS) Reference: Well (0.00N,0.00E,352.43Azi)		
Wellpath: 1		Plan: Plan #1		

Field: Carbon, Utah (UTM meters)	
Map System: Universal Transverse Mercator	Map Zone: UTM Zone 12, North 114W to 108W
Geo Datum: NAD27 (Clarke 1866)	Coordinate System: Site Centre
Sys Datum: Mean Sea Level	Geomagnetic Model: bggm2005

Site: Kenilworth Railroad #9-1 Carbon County, Utah SE/NE Sec. 16, T13S, R10E	
Site Position:	Northing: 4394022.00 m Latitude: 39 41 51.936 N
From: Map	Easting: 517102.00 m Longitude: 110 48 1.907 W
Position Uncertainty: 0.00 ft	North Reference: Grid
Ground Level: 6780.60 ft	Grid Convergence: 0.13 deg

Well: Kenilworth Railroad #9-1		Slot Name:	
Well Position:	+N/-S 0.00 ft Northing: 4394022.00 m Latitude: 39 41 51.936 N	+E/-W 0.00 ft Easting: 517102.00 m Longitude: 110 48 1.907 W	
Position Uncertainty: 0.00 ft			

Wellpath: 1		Drilled From: Surface	
Current Datum: SITE	Height 0.00 ft	Tie-on Depth: 0.00 ft	
Magnetic Data: 5/12/2006		Above System Datum: Mean Sea Level	
Field Strength: 52524 nT		Declination: 12.20 deg	
Vertical Section: Depth From (TVD)	+N/-S ft	Mag Dip Angle: 65.51 deg	Direction deg
0.00	0.00	0.00	352.43

Plan: Plan #1	Date Composed: 5/12/2006
Principal: Yes	Version: 1
	Tied-to: From Surface

Plan Section Information										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	352.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1500.00	0.00	352.43	1500.00	0.00	0.00	0.00	0.00	0.00	352.43	
1700.00	2.00	352.43	1699.96	3.46	-0.46	1.00	1.00	0.00	-7.57	
4100.00	50.00	352.43	3794.54	1016.15	-135.04	2.00	2.00	0.00	0.00	
6012.71	50.00	352.43	5024.00	2468.60	-328.07	0.00	0.00	0.00	0.00	#9-1 Target
6635.00	50.00	352.43	5424.00	2941.15	-390.87	0.00	0.00	0.00	0.00	

Section 1 : Start Hold										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	352.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1500.00	0.00	352.43	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	352.43

Section 2 : Start Build 1.00										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1600.00	1.00	352.43	1599.99	0.87	-0.11	0.87	1.00	1.00	0.00	0.00
1700.00	2.00	352.43	1699.96	3.46	-0.46	3.49	1.00	1.00	0.00	0.00

Section 3 : Start Build 2.00										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
1800.00	4.00	352.43	1799.82	8.65	-1.15	8.72	2.00	2.00	0.00	0.00
1900.00	6.00	352.43	1899.43	17.29	-2.30	17.44	2.00	2.00	0.00	0.00
2000.00	8.00	352.43	1998.68	29.37	-3.90	29.63	2.00	2.00	0.00	0.00
2100.00	10.00	352.43	2097.45	44.87	-5.96	45.27	2.00	2.00	0.00	0.00

Weatherford International

Planning Report

Company: Marion Energy Field: Carbon, Utah (UTM meters) Site: Kenilworth Railroad #9-1 Well: Kenilworth Railroad #9-1 Wellpath: 1	Date: 5/12/2006 Co-ordinate(NE) Reference: Vertical (TVD) Reference: Section (VS) Reference: Plan:	Time: 15:51:46 Site: Kenilworth Railroad #9-1 SITE 0.0 Well (0.00N,0.00E,352.43Azi) Plan #1	Page: 2
--	---	--	----------------

Section 3 : Start Build 2.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2200.00	12.00	352.43	2195.60	63.79	-8.48	64.35	2.00	2.00	0.00	0.00
2300.00	14.00	352.43	2293.03	86.08	-11.44	86.84	2.00	2.00	0.00	0.00
2400.00	16.00	352.43	2389.62	111.74	-14.85	112.72	2.00	2.00	0.00	0.00
2500.00	18.00	352.43	2485.25	140.72	-18.70	141.96	2.00	2.00	0.00	0.00
2600.00	20.00	352.43	2579.80	172.99	-22.99	174.51	2.00	2.00	0.00	0.00
2700.00	22.00	352.43	2673.15	208.51	-27.71	210.35	2.00	2.00	0.00	0.00
2800.00	24.00	352.43	2765.19	247.25	-32.86	249.42	2.00	2.00	0.00	0.00
2816.23	24.32	352.43	2780.00	253.83	-33.73	256.06	2.00	2.00	0.00	0.00
2900.00	26.00	352.43	2855.82	289.14	-38.43	291.68	2.00	2.00	0.00	0.00
3000.00	28.00	352.43	2944.92	334.14	-44.41	337.08	2.00	2.00	0.00	0.00
3100.00	30.00	352.43	3032.37	382.19	-50.79	385.55	2.00	2.00	0.00	0.00
3200.00	32.00	352.43	3118.09	433.25	-57.58	437.06	2.00	2.00	0.00	0.00
3300.00	34.00	352.43	3201.95	487.23	-64.75	491.52	2.00	2.00	0.00	0.00
3400.00	36.00	352.43	3283.86	544.09	-72.31	548.87	2.00	2.00	0.00	0.00
3500.00	38.00	352.43	3363.72	603.74	-80.23	609.05	2.00	2.00	0.00	0.00
3600.00	40.00	352.43	3441.43	666.12	-88.52	671.98	2.00	2.00	0.00	0.00
3700.00	42.00	352.43	3516.90	731.15	-97.17	737.58	2.00	2.00	0.00	0.00
3800.00	44.00	352.43	3590.03	798.75	-106.15	805.78	2.00	2.00	0.00	0.00
3900.00	46.00	352.43	3660.74	868.85	-115.47	876.48	2.00	2.00	0.00	0.00
4000.00	48.00	352.43	3728.93	941.34	-125.10	949.62	2.00	2.00	0.00	0.00
4100.00	50.00	352.43	3794.54	1016.15	-135.04	1025.08	2.00	2.00	0.00	0.00

Section 4 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
4200.00	50.00	352.43	3858.81	1092.09	-145.13	1101.69	0.00	0.00	0.00	0.00
4300.00	50.00	352.43	3923.09	1168.02	-155.23	1178.29	0.00	0.00	0.00	0.00
4400.00	50.00	352.43	3987.37	1243.96	-165.32	1254.90	0.00	0.00	0.00	0.00
4500.00	50.00	352.43	4051.65	1319.90	-175.41	1331.50	0.00	0.00	0.00	0.00
4600.00	50.00	352.43	4115.93	1395.83	-185.50	1408.11	0.00	0.00	0.00	0.00
4700.00	50.00	352.43	4180.21	1471.77	-195.59	1484.71	0.00	0.00	0.00	0.00
4800.00	50.00	352.43	4244.49	1547.71	-205.68	1561.31	0.00	0.00	0.00	0.00
4900.00	50.00	352.43	4308.77	1623.64	-215.78	1637.92	0.00	0.00	0.00	0.00
5000.00	50.00	352.43	4373.04	1699.58	-225.87	1714.52	0.00	0.00	0.00	0.00
5100.00	50.00	352.43	4437.32	1775.52	-235.96	1791.13	0.00	0.00	0.00	0.00
5200.00	50.00	352.43	4501.60	1851.45	-246.05	1867.73	0.00	0.00	0.00	0.00
5300.00	50.00	352.43	4565.88	1927.39	-256.14	1944.34	0.00	0.00	0.00	0.00
5400.00	50.00	352.43	4630.16	2003.33	-266.23	2020.94	0.00	0.00	0.00	0.00
5500.00	50.00	352.43	4694.44	2079.26	-276.33	2097.55	0.00	0.00	0.00	0.00
5600.00	50.00	352.43	4758.72	2155.20	-286.42	2174.15	0.00	0.00	0.00	0.00
5700.00	50.00	352.43	4823.00	2231.14	-296.51	2250.75	0.00	0.00	0.00	0.00
5800.00	50.00	352.43	4887.27	2307.08	-306.60	2327.36	0.00	0.00	0.00	0.00
5900.00	50.00	352.43	4951.55	2383.01	-316.69	2403.96	0.00	0.00	0.00	0.00
6000.00	50.00	352.43	5015.83	2458.95	-326.78	2480.57	0.00	0.00	0.00	0.00
6012.71	50.00	352.43	5024.00	2468.60	-328.07	2490.30	0.00	0.00	0.00	0.00

Section 5 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
6100.00	50.00	352.43	5080.11	2534.89	-336.88	2557.17	0.00	0.00	0.00	0.00
6200.00	50.00	352.43	5144.39	2610.82	-346.97	2633.78	0.00	0.00	0.00	0.00
6300.00	50.00	352.43	5208.67	2686.76	-357.06	2710.38	0.00	0.00	0.00	0.00
6400.00	50.00	352.43	5272.95	2762.70	-367.15	2786.99	0.00	0.00	0.00	0.00
6500.00	50.00	352.43	5337.23	2838.63	-377.24	2863.59	0.00	0.00	0.00	0.00
6600.00	50.00	352.43	5401.50	2914.57	-387.33	2940.19	0.00	0.00	0.00	0.00
6635.00	50.00	352.43	5424.00	2941.15	-390.87	2967.00	0.00	0.00	0.00	0.00

Weatherford International

Planning Report

Company: Marion Energy
Field: Carbon, Utah (UTM meters)
Site: Kenilworth Railroad #9-1
Well: Kenilworth Railroad #9-1
Wellpath: 1

Date: 5/12/2006
Co-ordinate(NE) Reference: Site: Kenilworth Railroad #9-1
Vertical (TVD) Reference: SITE 0.0
Section (VS) Reference: Well (0.00N,0.00E,352.43Azi)
Plan: Plan #1

Page: 3

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1500.00	0.00	352.43	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	Start 1st Build
1600.00	1.00	352.43	1599.99	0.87	-0.11	0.87	1.00	1.00	0.00	
1700.00	2.00	352.43	1699.96	3.46	-0.46	3.49	1.00	1.00	0.00	Start 2nd Build
1800.00	4.00	352.43	1799.82	8.65	-1.15	8.72	2.00	2.00	0.00	
1900.00	6.00	352.43	1899.43	17.29	-2.30	17.44	2.00	2.00	0.00	
2000.00	8.00	352.43	1998.68	29.37	-3.90	29.63	2.00	2.00	0.00	
2100.00	10.00	352.43	2097.45	44.87	-5.96	45.27	2.00	2.00	0.00	
2200.00	12.00	352.43	2195.60	63.79	-8.48	64.35	2.00	2.00	0.00	
2300.00	14.00	352.43	2293.03	86.08	-11.44	86.84	2.00	2.00	0.00	
2400.00	16.00	352.43	2389.62	111.74	-14.85	112.72	2.00	2.00	0.00	
2500.00	18.00	352.43	2485.25	140.72	-18.70	141.96	2.00	2.00	0.00	
2600.00	20.00	352.43	2579.80	172.99	-22.99	174.51	2.00	2.00	0.00	
2700.00	22.00	352.43	2673.15	208.51	-27.71	210.35	2.00	2.00	0.00	
2800.00	24.00	352.43	2765.19	247.25	-32.86	249.42	2.00	2.00	0.00	
2816.23	24.32	352.43	2780.00	253.83	-33.73	256.06	2.00	2.00	0.00	Blue Gate
2900.00	26.00	352.43	2855.82	289.14	-38.43	291.68	2.00	2.00	0.00	
3000.00	28.00	352.43	2944.92	334.14	-44.41	337.08	2.00	2.00	0.00	
3100.00	30.00	352.43	3032.37	382.19	-50.79	385.55	2.00	2.00	0.00	
3200.00	32.00	352.43	3118.09	433.25	-57.58	437.06	2.00	2.00	0.00	
3300.00	34.00	352.43	3201.95	487.23	-64.75	491.52	2.00	2.00	0.00	
3400.00	36.00	352.43	3283.86	544.09	-72.31	548.87	2.00	2.00	0.00	
3500.00	38.00	352.43	3363.72	603.74	-80.23	609.05	2.00	2.00	0.00	
3600.00	40.00	352.43	3441.43	666.12	-88.52	671.98	2.00	2.00	0.00	
3700.00	42.00	352.43	3516.90	731.15	-97.17	737.58	2.00	2.00	0.00	
3800.00	44.00	352.43	3590.03	798.75	-106.15	805.78	2.00	2.00	0.00	
3900.00	46.00	352.43	3660.74	868.85	-115.47	876.48	2.00	2.00	0.00	
4000.00	48.00	352.43	3728.93	941.34	-125.10	949.62	2.00	2.00	0.00	
4100.00	50.00	352.43	3794.54	1016.15	-135.04	1025.08	2.00	2.00	0.00	End 2nd Build
4200.00	50.00	352.43	3858.81	1092.09	-145.13	1101.69	0.00	0.00	0.00	
4300.00	50.00	352.43	3923.09	1168.02	-155.23	1178.29	0.00	0.00	0.00	
4400.00	50.00	352.43	3987.37	1243.96	-165.32	1254.90	0.00	0.00	0.00	
4500.00	50.00	352.43	4051.65	1319.90	-175.41	1331.50	0.00	0.00	0.00	
4600.00	50.00	352.43	4115.93	1395.83	-185.50	1408.11	0.00	0.00	0.00	
4700.00	50.00	352.43	4180.21	1471.77	-195.59	1484.71	0.00	0.00	0.00	
4800.00	50.00	352.43	4244.49	1547.71	-205.68	1561.31	0.00	0.00	0.00	
4900.00	50.00	352.43	4308.77	1623.64	-215.78	1637.92	0.00	0.00	0.00	
5000.00	50.00	352.43	4373.04	1699.58	-225.87	1714.52	0.00	0.00	0.00	
5100.00	50.00	352.43	4437.32	1775.52	-235.96	1791.13	0.00	0.00	0.00	
5200.00	50.00	352.43	4501.60	1851.45	-246.05	1867.73	0.00	0.00	0.00	
5300.00	50.00	352.43	4565.88	1927.39	-256.14	1944.34	0.00	0.00	0.00	
5400.00	50.00	352.43	4630.16	2003.33	-266.23	2020.94	0.00	0.00	0.00	
5500.00	50.00	352.43	4694.44	2079.26	-276.33	2097.55	0.00	0.00	0.00	
5600.00	50.00	352.43	4758.72	2155.20	-286.42	2174.15	0.00	0.00	0.00	
5700.00	50.00	352.43	4823.00	2231.14	-296.51	2250.75	0.00	0.00	0.00	
5800.00	50.00	352.43	4887.27	2307.08	-306.60	2327.36	0.00	0.00	0.00	
5900.00	50.00	352.43	4951.55	2383.01	-316.69	2403.96	0.00	0.00	0.00	
6000.00	50.00	352.43	5015.83	2458.95	-326.78	2480.57	0.00	0.00	0.00	
6012.71	50.00	352.43	5024.00	2468.60	-328.07	2490.30	0.00	0.00	0.00	#9-1 Target
6100.00	50.00	352.43	5080.11	2534.89	-336.88	2557.17	0.00	0.00	0.00	
6200.00	50.00	352.43	5144.39	2610.82	-346.97	2633.78	0.00	0.00	0.00	
6300.00	50.00	352.43	5208.67	2686.76	-357.06	2710.38	0.00	0.00	0.00	
6400.00	50.00	352.43	5272.95	2762.70	-367.15	2786.99	0.00	0.00	0.00	
6500.00	50.00	352.43	5337.23	2838.63	-377.24	2863.59	0.00	0.00	0.00	
6600.00	50.00	352.43	5401.50	2914.57	-387.33	2940.19	0.00	0.00	0.00	

Weatherford International

Planning Report

Company: Marion Energy Field: Carbon, Utah (UTM meters) Site: Kenilworth Railroad #9-1 Well: Kenilworth Railroad #9-1 Wellpath: 1	Date: 5/12/2006 Co-ordinate(NE) Reference: Site: Kenilworth Railroad #9-1 Vertical (TVD) Reference: SITE 0.0 Section (VS) Reference: Well (0.00N,0.00E,352.43Azi) Plan: Plan #1	Time: 15:51:46 Page: 4
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Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
6635.00	50.00	352.43	5424.00	2941.15	-390.87	2967.00	0.00	0.00	0.00	TD

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing m	Map Easting m	Latitude Deg Min Sec			Longitude Deg Min Sec		
#9-1 Target			5024.00	2467.19	-328.08	4394774.00	517002.00	39	42	16.336 N	110	48	6.036 W
-Plan out by 1.41 at			5024.00	2468.60	-328.07	4394774.43	517002.01	39	42	16.350 N	110	48	6.036 W

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
2816.23	2780.00	Blue Gate		0.00	0.00
6012.71	5024.00	Ferron		0.00	0.00

Annotation

MD ft	TVD ft	
1500.00	1500.00	SHL
1700.00	1699.96	Start 1st Build
4100.00	3794.54	Start 2nd Build
6635.00	5424.00	End 2nd Build
		TD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:
Fee -BH-61504

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:
Kenilworth Railroad #9-1

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:
Helper

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
Marion Energy, Inc

3. ADDRESS OF OPERATOR:
119 So. Tennessee #200 CITY **McKinney** STATE **TX** ZIP **75069**

PHONE NUMBER:
(972) 540-2967

4. LOCATION OF WELL
FOOTAGES AT SURFACE: **1542.76ft FNL & 1103.14ft FEL**

COUNTY: **Carbon**

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: **SENE 16 13S 10E**

STATE: **UTAH**

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Marion proposes to modify the casing program to better accommodate the directional tools we will be using. The proposed changes are as follows:

Surface pipe will be changed from 13 3/8" to 9 5/8". Surface hole will be changed from 16 3/4" to 12 1/4". The casing will be cemented with 219 sx. Premium "G" cement at a yield of 1.25 cuft/sk and slurry weight of 14.2 ppg. This calculation includes 75% excess. Additionally, we propose to eliminate the intermediate string of casing. We do not anticipate any abnormal water flows from shallow sections that would require an intermediate string be set. We propose to drill a 7 7/8" hole to TD and run 5 1/2", 17# casing as described on the APD form 3.

NAME (PLEASE PRINT) _____ TITLE _____

SIGNATURE _____ DATE _____

(This space for State use only)

Drilling Plan
Marion Energy Inc.
Kenilworth Railroad #9-1

1. Geologic Surface Formation
a. Quaternary

2. Estimated Tops

Name	TVD	MD	Production Phase
Blue Gate	2780ft	28214ft	Gas
Ferron	5024ft	6014ft	Gas
TD	5424ft	6636ft	Gas

3. Casing Program

- a. See Form #3 Section 24.

4. Operators Specifications for Pressure Control Equipment

- a. 2000 psi WP Double Gate BOP or Single Gate BOP (Schematic Attached).
- b. Functional test daily.
- c. All casing strings shall be pressure tested (0.2psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
- d. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All testes shall be for a period of 15 minutes.

5. Auxiliary Equipment

- a. Kelly Cock – Yes
- b. Float at the bit – No
- c. Monitoring Equipment on the mud system – visually
- d. Full opening safety valve on rig floor – Yes
- e. Rotating head – Yes
- f. The blooie line shall be at least 6 inches in diameter and extend at least 100 feet from the well bore into the reserve/blooie pit.

- g. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500 feet).
- h. Compressor shall be tied directly to the blooie line through a manifold.
- i. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium

Depth	Mud Type
0 to TD Air / Mist	

7. Testing, Logging, and Coring Program

- a. Cores – Possible core of Ferron Sand
- b. DST – None anticipated
- c. Logging – DIL-GR (TD to base of surface casing).
 - a. FDC-CNL-GR-Cal (TD to base of surface casing).
- d. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.
Simulation: Simulation will be designed for the particular area of interest as encountered.
- e. Frac gradient: Approximately 0.80 psi/ft.

8. Anticipated Cementing Program:

- a. See Form #3, Section 24.

Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H₂S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1500 psi (calculated 0.517 psi/ft) and maximum anticipated surface pressure equals approximately 862 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

Surface Use Plan
Marion Energy Inc.
Kenilworth Railroad #9-1

1. Existing Road:
 - a. Topo Map 'A' is the vicinity map showing the field wide area.
 - b. Topo Map 'B' shows the proposed access road to each well. It also shows existing roads in the immediate area.
 - c. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
 - d. Occasional maintenance blading and storm repairs will keep roads in good condition.
 - e. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.
2. Planned Access Roads:
 - a. Maximum grade will be 8% or less.
 - b. No turnouts are required.
 - c. Low water crossings to be placed in the proposed access road during drilling process and culverts may be installed at a later date.
 - d. Road surface material will be that native to the area.
 - e. No cattleguards are required.
 - f. The proposed access road was flagged at the time the location was staked.
 - g. The back slopes of the proposed access road will be no steeper than vertical or 4:1 in rock and 2:1 elsewhere.
3. Location of Existing Wells:
 - a. See Topo Map 'B'
4. Location of Existing and/or Proposed Facilities:
 - a. All Petroleum Production Facilities are to be contained within the proposed location sites.
 - b. In the event that production of these wells is established, the following will be shown:
 - i. Proposed location and attendant lines, by flagging, if off well pad.
 - ii. Dimensions of facilities.
 - iii. Construction methods and materials.
 - c. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
 - d. All permanent facilities placed on the locations shall be painted a non-reflective color, which will blend with the natural environment.
 - e. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
 - f. All buried pipelines shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.

- g. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
- h. Pipeline location warning signs shall be installed within 90 days upon completion of construction.

5. Location and Water Supply:

- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
- b. No water wells are to be drilled.

6. Source of Construction Materials:

- a. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.
- b. All access roads crossing BLM land is shown on Topo Map 'B'.
- c. All well pad surface disturbance areas are on fee lands.

7. Methods for Handling Waste Disposal:

- a. Drill cuttings will be buried in the reserve pit when covered.
- b. Drilling fluids will be contained in the reserve pit.
- c. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
- d. Portable chemical toilets will be provided and services by a local commercial sanitary service.
- e. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- f. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pits shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

8. Ancillary Facilities:

- a. No airstrips, camps, or other living facilities will be built off the locations. Housing and office trailers will be on the location as seen on the location layout.

9. Well Site Layout:

- a. See attached cut sheet.
- b. Company representatives will determine if the pit is to be lined, and if so, the type of material to be used.

- c. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
- d. The back slopes of the locations will be no steeper than vertical or $\frac{1}{2}$:1 in rock and 2:1 elsewhere.
- e. The upper edges of all cut banks on the access roads and well pads will be rounded.
- f. Catchment ponds to be placed as required to intercept drainage re-routes.

10. Plans for Restoration:

- a. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within one (1) year from the date of well completion.
- c. All disturbed areas will be seeded with the mixture, which is found suitable by the Utah Division of Wildlife Resources and the landowner.
- d. The seedbed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than $\frac{1}{2}$ inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soils. Certified seed is recommended.
- e. Fall seeding will be completed after September, and prior to prolonged ground frost.
- f. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation would be established. Additional work may be required in case of seeding failures, etc.
- g. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site, the fill material will be pushed into cuts and up over the back slope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- h. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Carbon County Weed Control personnel.

11. Other Information:

- a. Man uses the area for the primary purpose of grazing domestic livestock.
 - i. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the company representative.
 - ii. If any fossils are discovered during construction, the operator shall cease construction immediately and notify the company representative so as to determine the significance of the discovery.
- b. A Class III cultural resource inventory was completed prior to disturbance by a qualified professional archaeologist.
- c. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are

uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the State Historic Preservation Office (SHPO). The SHPO Officer will outline (if any) what mitigation is appropriate.

- i. If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or delays associate with this process, the SHPO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The SHPO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State that the required mitigation has been completed, the operator will be allowed to resume construction.
 - d. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less then threshold planning quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.
12. Lessee's or Operator's Representative:

Marion Energy, Inc.
Mr. Keri Clarke
119 South Tennessee, Suite 200
(972)540-2967

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.



Keri Clarke
Company Representative

3-31-88
Date

OIL, GAS AND COALBED METHANE LEASE

This agreement ("Lease") is effective this 15th day of JUNE, 2004, by and between **BLACKHAWK COAL COMPANY**, a Utah corporation with an address at 700 Morrison Road, Gahanna, Ohio 43230 ("Lessor") and **UTE OIL COMPANY**, a Texas corporation, dba A.C.T. OPERATING COMPANY, whose address is 201 W. Wall Street, Suite 806, Midland, TX 79701 ("Lessee");

1. **GRANTING CLAUSE:** Lessor, for and in consideration of Ten Dollars (\$10.00) per net mineral acre and other valuable consideration, the receipt of which is hereby acknowledged, and for and in consideration of the covenants and agreements hereinafter contained on the part of Lessee, has granted, demised, leased and let and by these presents does grant, demise, lease and let exclusively unto Lessee all of Lessor's right, title and interest in the lands located in the Utah County of Carbon described in EXHIBIT A attached hereto and made a part hereof, consisting of 3,000 mineral acres and 480 surface acres, more or less, including any interests therein which Lessor may hereafter acquire in Township 13 South 10 East, Carbon County, Utah, by reversion, prescription or otherwise, and also including any accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the subject lands, (the "Leased Premises") for the purpose of exploring (including the right to conduct geophysical surveys), drilling, operating, producing, saving, taking care of, treating, processing, storing on the surface and transporting and marketing coalbed methane, oil, liquid hydrocarbons, gas, or any of their constituent products, including injecting gas, waters, other fluids and air into all subsurface, coal strata horizons and formations

without liability to Lessor for migration; and laying pipelines, storing hydrocarbons above ground in a manner that will not interfere with Lessor's use of the surface, building tanks, setting up pumping units, and constructing all improvements necessary in the production and transportation of coalbed methane, oil, liquid hydrocarbons, gas, or any of their constituent products (collectively the "Minerals"); together with water rights necessary for Lessee's activities and, on a non-exclusive basis, all the rights of ingress or egress, and all other appurtenant easements and right-of-way Lessor may hold to the surface, subject to all terms and conditions of this Lease. For the purposes of this Lease, "coalbed methane" means methane gas from coal formations, coal seams or abandoned coal mine workings and all zones in communication therewith.

2. **LEASE TERM:** Subject to the other provisions of this Lease and specifically but not limited to the provisions of paragraph 3, this Lease shall commence on the date hereof and remain in full force and effect for a primary term expiring at 11:59 p.m. on the date that is five (5) years from the date hereof (the "Primary Term"), during which time the Lessee shall use its best efforts to explore for Minerals on the Leased land, and produce and sell Minerals underlying the Leased Premises. The Primary Term may not be extended by payment of shut-in royalty.

3. **EXTENDED TERM:**

(a) Provided the Lessee has, during the Primary Term, diligently and in good faith explored the Leased Premises for Minerals and, where warranted, drilled and, where appropriate, completed a well or wells to commercially produce Minerals from the Leased Premises, Lessee

EXHIBIT "A"

Listing of lands owned by Blackhawk Coal Company as related to the Mineral
Exploration & Development Agreement

Dated JUNE 15, 2004

Between

Blackhawk Coal Company

&

Ute Oil Company (A.C.T. Operating Company)

All Lands are in Carbon County, Utah.

Township 13 South, Range 10East 100% Surface, 100% Coal, 100% Oil & Gas

	<u>Comments</u>	<u>Acres</u>
Section 2	All	640
Section 4	S/2SW, SWSE	120
Section 8	S/2S/2	160
Section 9	All less SWNW	600
Section 10	SE, E/2SW	240
Section 11	SW	160
Section 16	NW, SW, SE, SENE	520
Section 17	NE, N/2NW	240
Section 18	N/2NE	80

Total Acres of 100% Surface, 100% Coal, 100% Oil & Gas **2,760**

Township 13 South, Range 10East 100% Surface, 100% Coal, 50% Oil & Gas

	<u>Comments</u>	<u>Acres</u>
Section 5	N/2N/2	160
Section 6	N/2NE, NW, S/2SE	<u>320</u>
		480 * 50%

Net Oil & Gas Acres @ 50% **240**

Township 13 South, Range 10East 100% Surface Only-No Minerals

	<u>Comments</u>	<u>Acres</u>
Section 14	NWNW	40
Section 15	E/2NE, SE	240
Section 20	SESE	40
Section 22	N/2NE	80
Section 28	NWNW	40
Section 29	NENE	40

Total Acres of 100% Surface Only-No Minerals **480**

LESSORS

BLACKHAWK COAL COMPANY

By: Gerald M. Dimmerling

Name: Gerald M. Dimmerling

Title: President, Blackhawk Coal Company

LESSEE

A.C.T. Operating Company

By: Donald W. Raymond

Name: DONALD W. RAYMOND

Title: President



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
www.ut.blm.gov

MAY 04 2005

IN REPLY REFER TO:
3104
(UT-924)

DECISION

Principal:	:	
Marion Energy Inc.	:	Bond Amount: \$25,000
119 S. Tennessee, Suite 200	:	
McKinney, TX 75069	:	Bond Type: Statewide
	:	
Surety:	:	Bond Surety No.: B001632
U. S. Specialty Insurance Company	:	
13403 Northwest Freeway	:	BLM Bond No.: UTB000179
Houston, TX 77040	:	

Statewide Oil and Gas Surety Bond Accepted

On April 12, 2005, this office received a \$25,000 statewide oil and gas bond for the principal named above. The bond has been examined, found satisfactory, and is accepted effective the date of filing.

The bond constitutes coverage of all operations conducted by the principal on Federal leases in Utah. The bond provides coverage for the principal where that principal has interest, and or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bond will be permitted only after this office is satisfied that there are no outstanding liabilities against the bond or until a satisfactory replacement bond is furnished.

Terry Catlin
Acting Chief, Branch of
Fluid Minerals

Form 3000-4
(June 1988)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bond Number

B001632

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Lease Serial Number (For Individual Bond Only)

CHECK ONE: ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE:

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Marion Energy Inc.

(name)

of 119 S. Tennessee, Suite 200, McKinney, Texas 75069

(address)

as principal, and U.S. Specialty Insurance Company

(name)

of 13403 Northwest Freeway, Houston, Texas 77040

(address)

are held and firmly bound unto the United States of America in the sum of Twenty-five Thousand and no/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____). lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States, (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ NATIONWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations

☒ STATEWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of Utah

☐ INDIVIDUAL BOND — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover

☐ NPR-A LEASE BOND — The terms and conditions of a single lease

☐ NPR-A WIDE BOND — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations

(Continued on reverse)

BOND CONDITIONS

The conditions of the foregoing obligations are such that

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond, and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include

a Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s), and

c Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond, and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond, and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding. Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon, and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding.

a Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s), and

b Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal, and

c Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise, and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond, and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner, and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s), and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void, otherwise to remain in full force and effect.

Signed this 7th day of April, 2005, in the presence of

NAMES AND ADDRESSES OF WITNESSES

B. J. Evans (MARION ENERGY)
R. C. Evans (MARION ENERGY)

Molly Battenfield
Diane E. Carey

If this bond is executed by a corporation, it must bear the seal of that corporation

Marion Energy Inc.

(Principal)

1196 Tennessee, Suite 200, McKinney, Texas 75069

(Business Address)

W. Russell Brown, Jr., Attorney-in-Fact (Surety) U.S. Specialty Insurance Company

13403 Northwest Freeway, Houston, Texas 77040

(Business Address)

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

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POWER OF ATTORNEY

PA001632

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



Edward H. Ellis, Jr., Executive Vice President

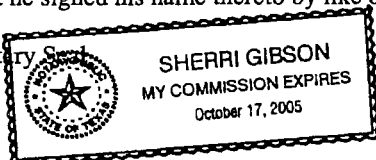
State of Texas


County of Harris

ss:

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



 Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 7th day of April, 2005.

Corporate Seal



Christopher L. Martin, Secretary

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 4A

Bond No. B001617

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Marion Energy Inc. as Principal,
and

(surety name) U.S. Specialty Insurance Company as Surety, duly authorized
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

One Hundred Fifty Thousand and no/100 dollars (\$ \$150,000.00)
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

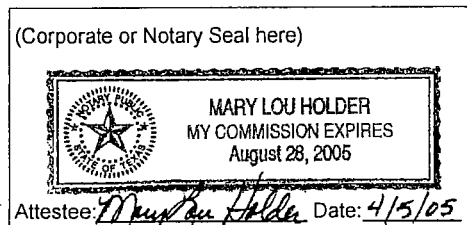
☒ Blanket Bond: To cover all wells drilled in the State of Utah

☐ Individual Bond: Well No: _____
Section: _____ Township: _____ Range: _____
County: _____, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized
officers and its corporate or notary seal to be affixed this

31 day of March, 2005



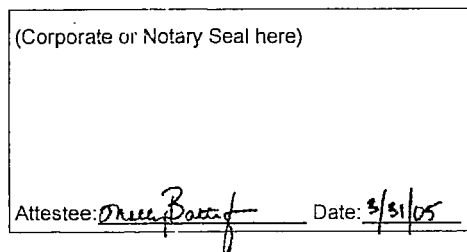
Marion Energy Inc.

Principal (company name)

By KERI CLARKE VICE PRESIDENT LAND
Name (print) Title
[Signature]
Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal
to be affixed this

31 day of March, 2005



U.S. Specialty Insurance Company

Surety Company (Attach Power of Attorney)

By Edwin H. Frank, III Attorney-in-Fact
Name (print) Title
[Signature]
Signature

13403 Northwest Freeway

Surety Mailing Address

Houston Texas 77040
City State Zip

**Important Notice Regarding
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.

The rest of this page is intentionally left blank.

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

SURETY RIDER

DIV. OF OIL, GAS & MINING

To be attached to and form a part of Bond No. B001617 on behalf of
Marion Energy Inc., as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005

Effective date of change: March 31, 2005

In consideration of the mutual agreement herein contained, the principal and the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING

Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

Know All Men by These Presents That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.


Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



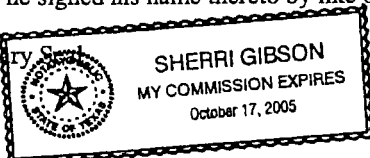
State of Texas


County of Harris ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



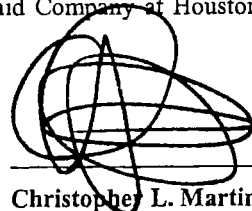
, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31st day of March, 2005.

Corporate Seal



Christopher L. Martin, Secretary

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

SURETY RIDER

DIV. OF OIL, GAS & MINING

To be attached to and form a part of Bond No. B001617 on behalf of
Marion Energy Inc., as principal and executed by
U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005Effective date of change: March 31, 2005

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the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or
condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
Name of Obligatee

Earlene Russell
Signature

EARLENE RUSSELL
ENGINEERING TECHNICIAN, BONDING

Name and title of person
executing for Principal

U.S. Specialty Insurance Company
Name of Surety

W. Russell Brown, Jr.
Signature

W. Russell Brown, Jr. Attorney-in-Fact
Name and title of person
executing for Surety

POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

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Edwin H. Frank III, W. Russell Brown, Jr.

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

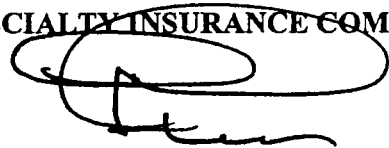
Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

In Witness Whereof, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15th day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY

By



State of Texas

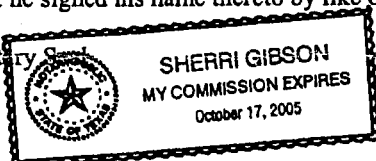
County of Harris


ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15th day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



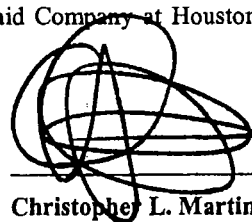
 Notary Public

My commission expires 10-17-05

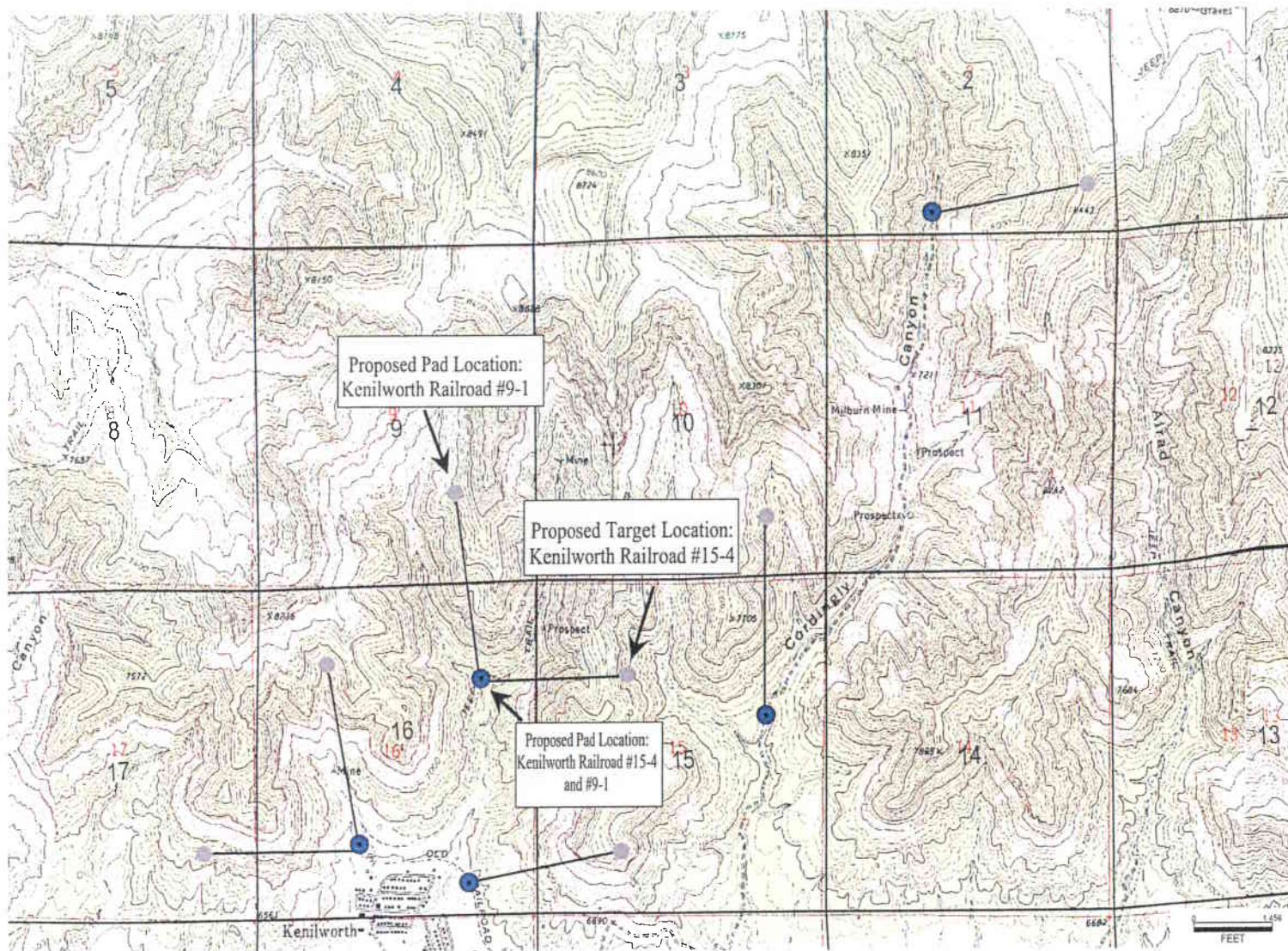
I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31st day of March, 2005.

Corporate Seal



Christopher L. Martin, Secretary



LEGEND

- | | | | |
|--|----------------------------|--|--------------------------------------|
| | Proposed Target Location | | Existing Pad |
| | Proposed Pad Location | | Existing Directional Target Location |
| | Proposed Vertical Location | | |



Marion Energy Inc.

Directional Well - Kenilworth Railroad #9-1
NE Section 16 T. 13S., R 10 E., S.L.B.
Surface Location: 1,544' FNL, 1,086' FEL / NE/4
Target Location: 923' FSL 1,432' FEL / SW/4



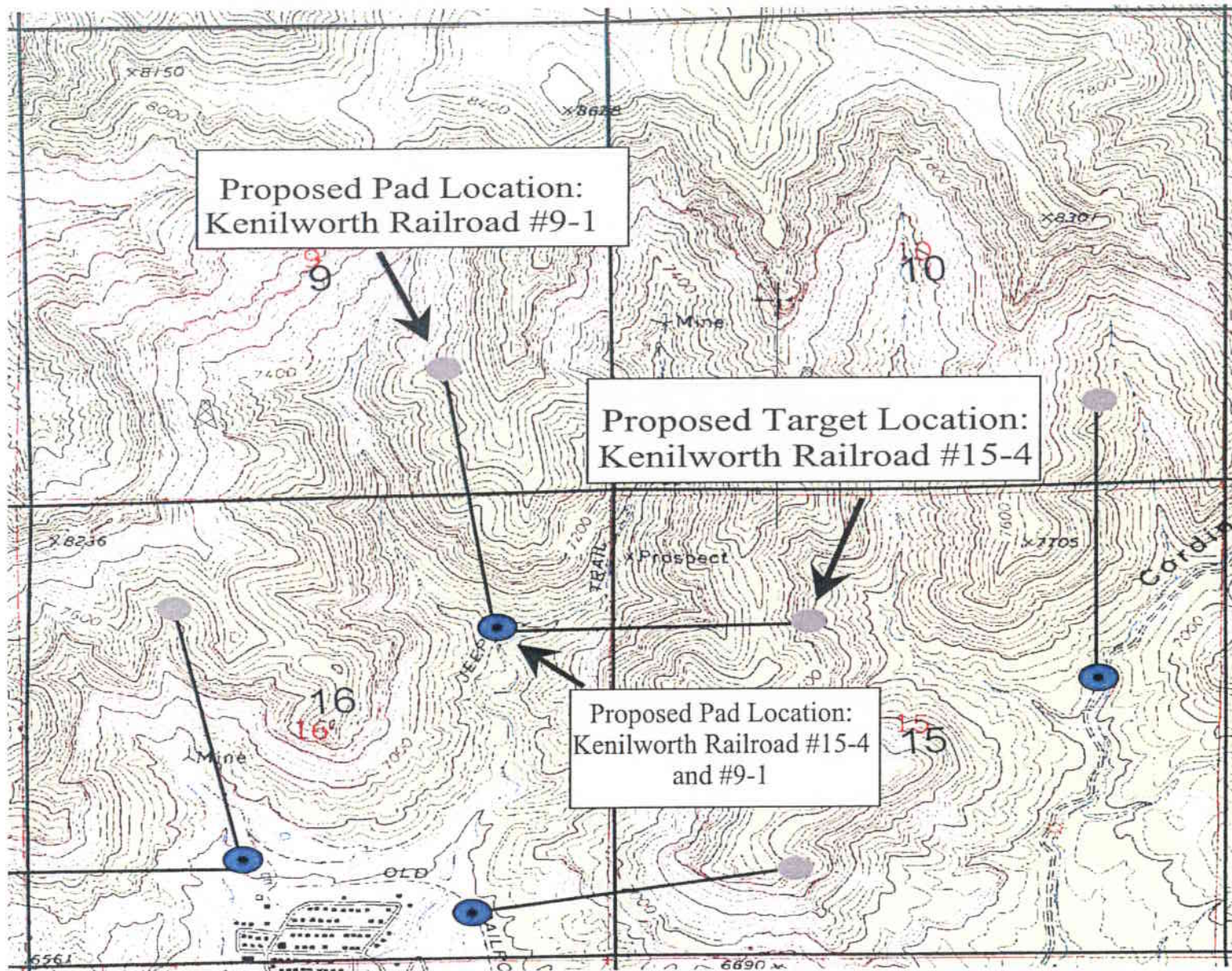
119 S. Tennessee Suite 200
McKinney, TX, 75069
Tel: (972) 540-2967
Fax: (972) 547-0442

Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY



LEGEND

- | | | | |
|--|----------------------------|--|--------------------------------------|
| | Proposed Target Location | | Existing Pad |
| | Proposed Pad Location | | Existing Directional Target Location |
| | Proposed Vertical Location | | |



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Marion Energy Inc.

119. S. Tennessee Suite 200
McKinney, TX, 75069
Tel: (972) 540-2967
Fax: (972) 547-0442

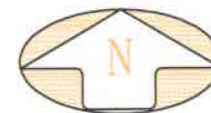
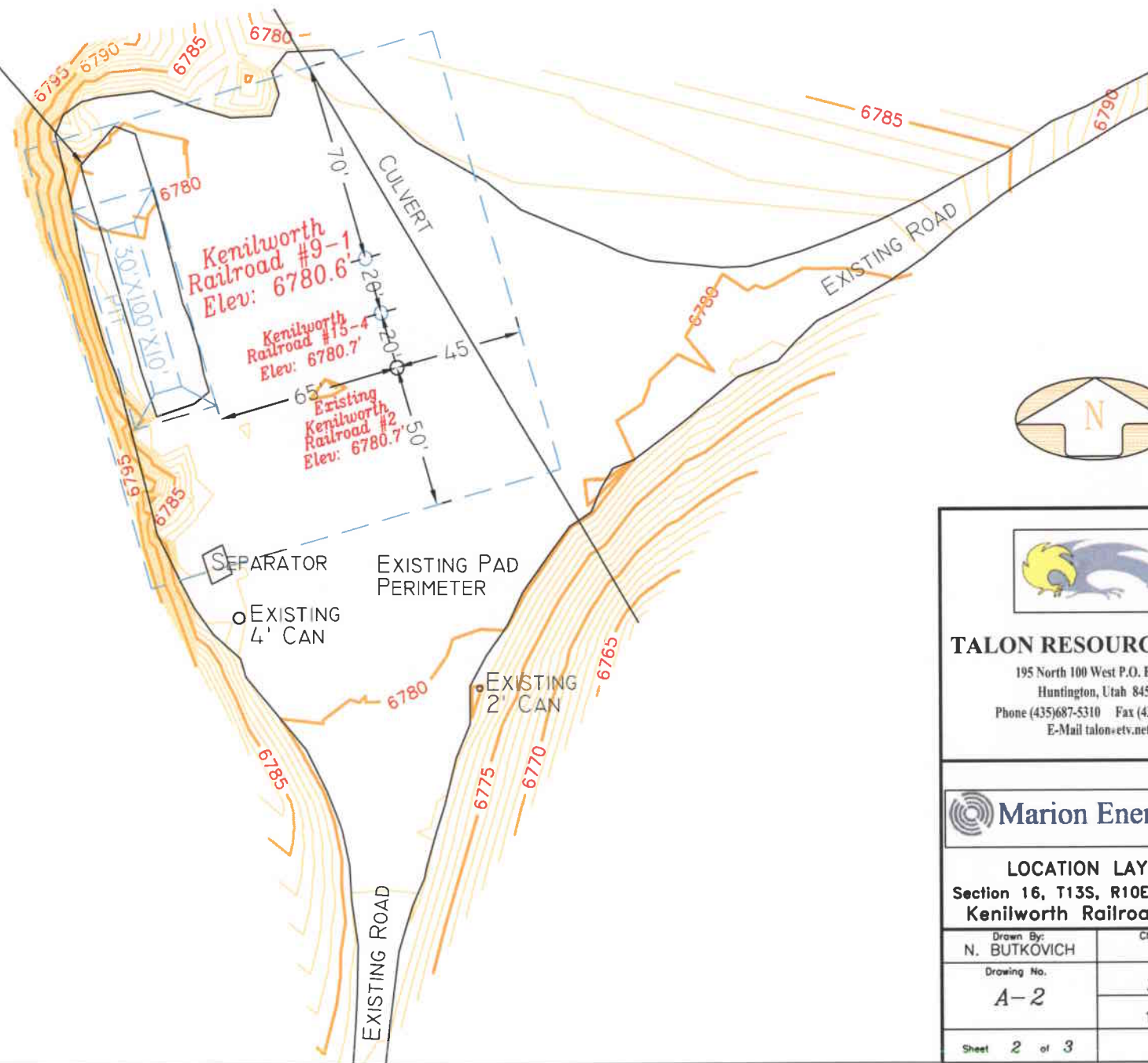
Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY

Existing
Pit Area



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talon@etv.net



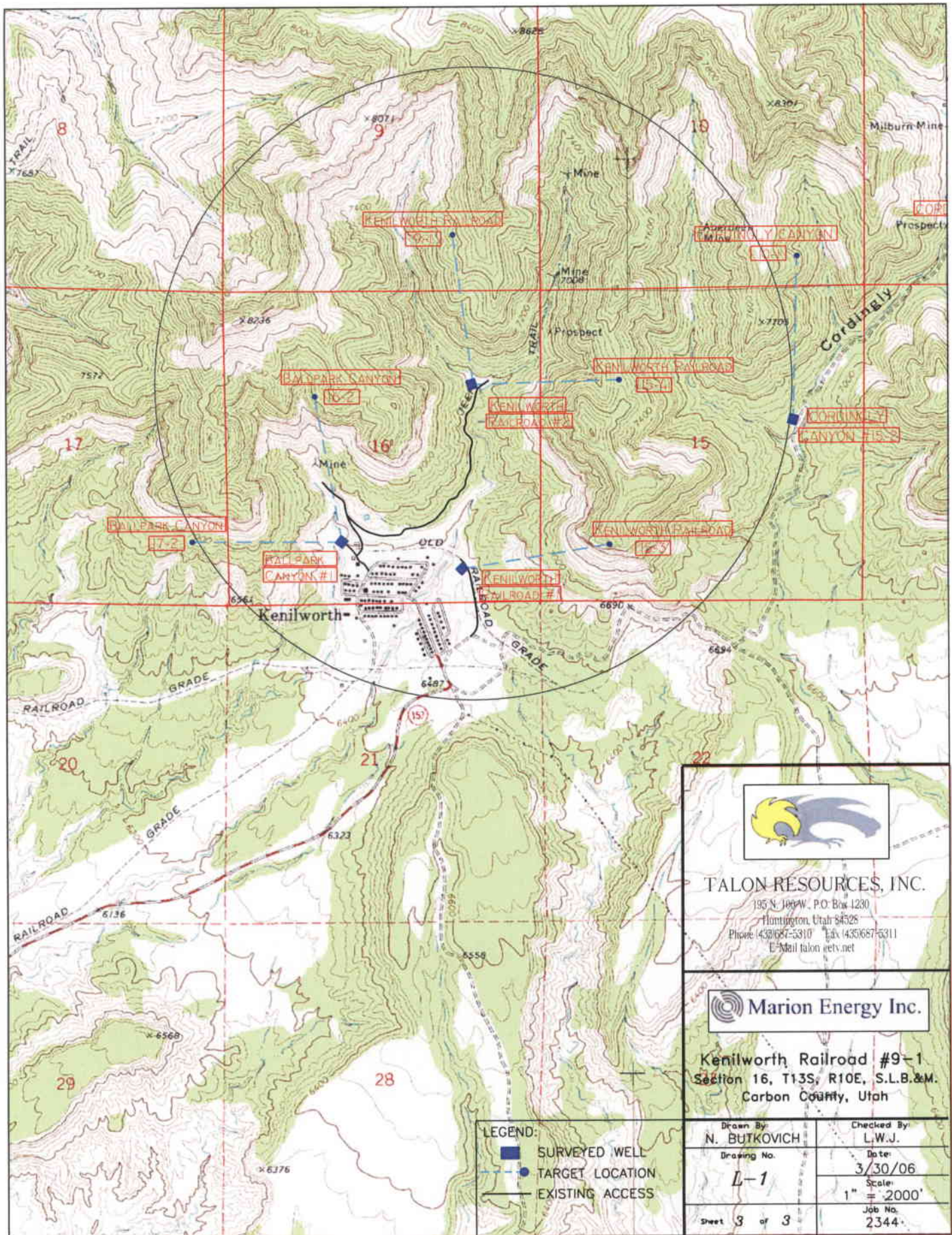
Marion Energy Inc.

LOCATION LAYOUT

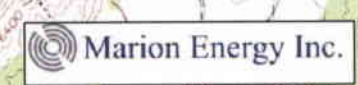
Section 16, T13S, R10E, S.L.B.&M.

Kenilworth Railroad #9-1

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. A-2	Date: 3/27/06
	Scale: 1" = 50'
Sheet 2 of 3	Job No. 2344



TALON RESOURCES, INC.
 195 N. 100 W., P.O. Box 1230
 Huntington, Utah 84328
 Phone (435) 687-5310 Fax (435) 687-5311
 E-Mail talon@ctv.net

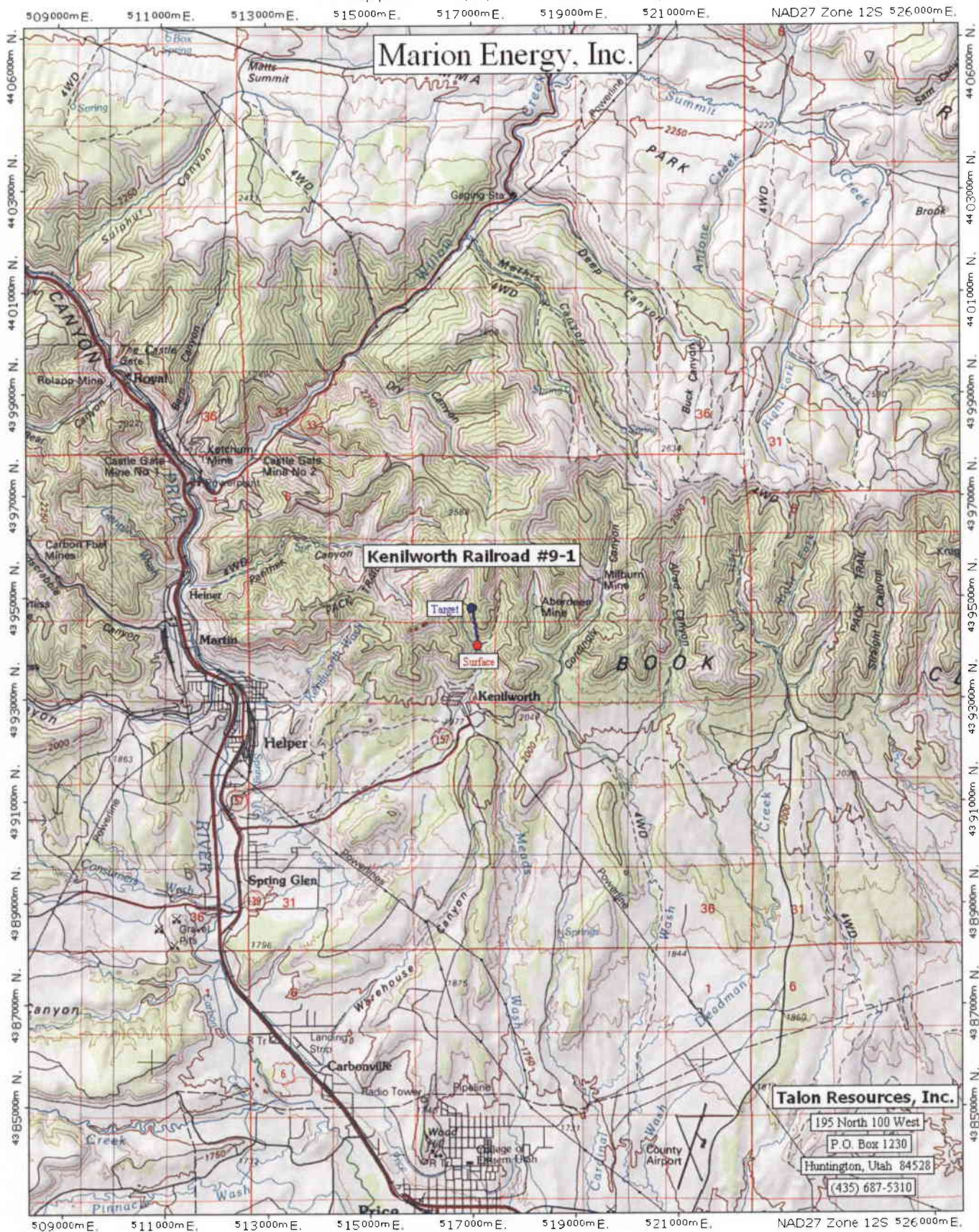


Kenilworth Railroad #9-1
 Section 16, T13S, R10E, S.L.B.&M.
 Carbon County, Utah

LEGEND:
 ■ SURVEYED WELL
 ● TARGET LOCATION
 — EXISTING ACCESS

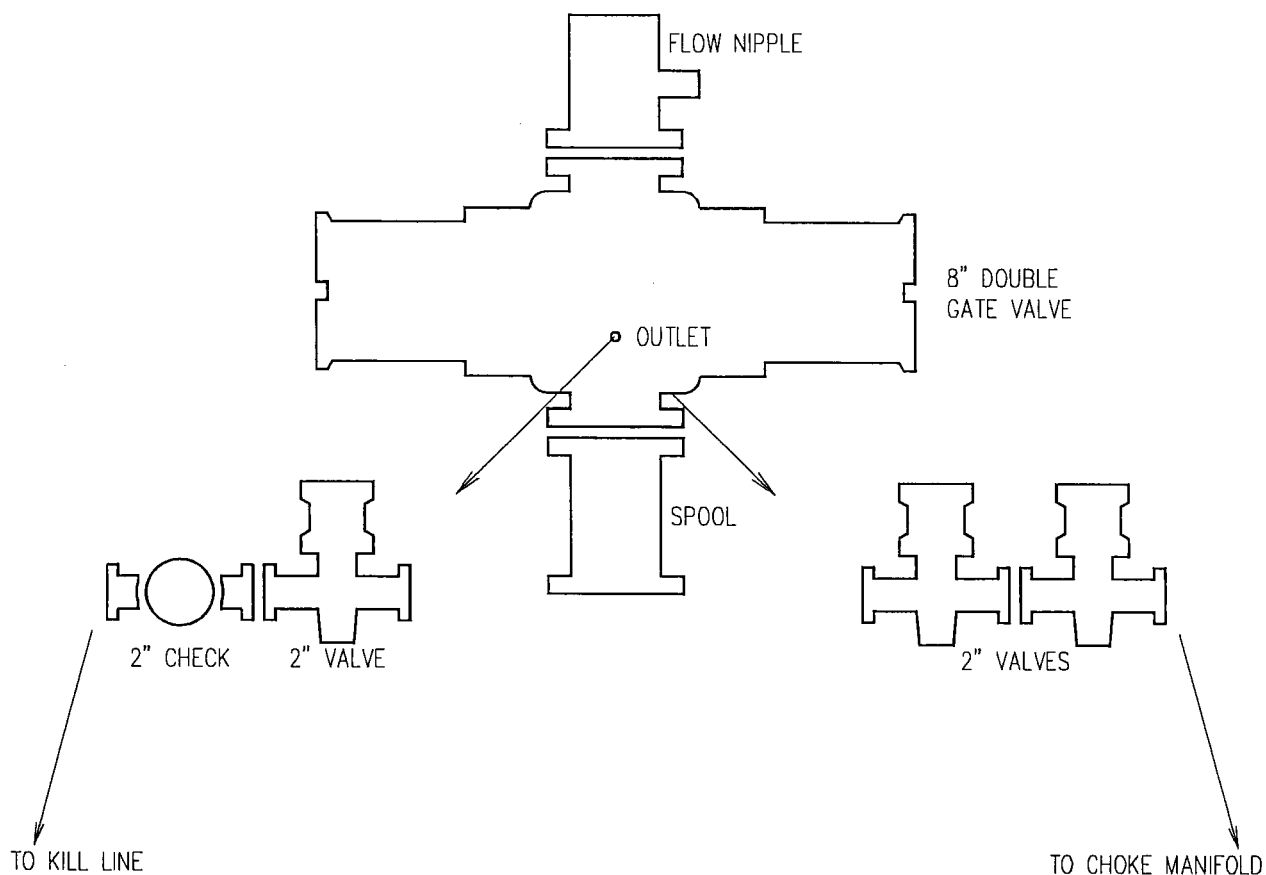
Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. L-1	Date: 3/30/06
Sheet 3 of 3	Scale: 1" = 2000'
	Job No. 2344

TOPO! map printed on 03/30/06 from "Marion-RR-9-1.tpo"




TN MN
12°

Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)



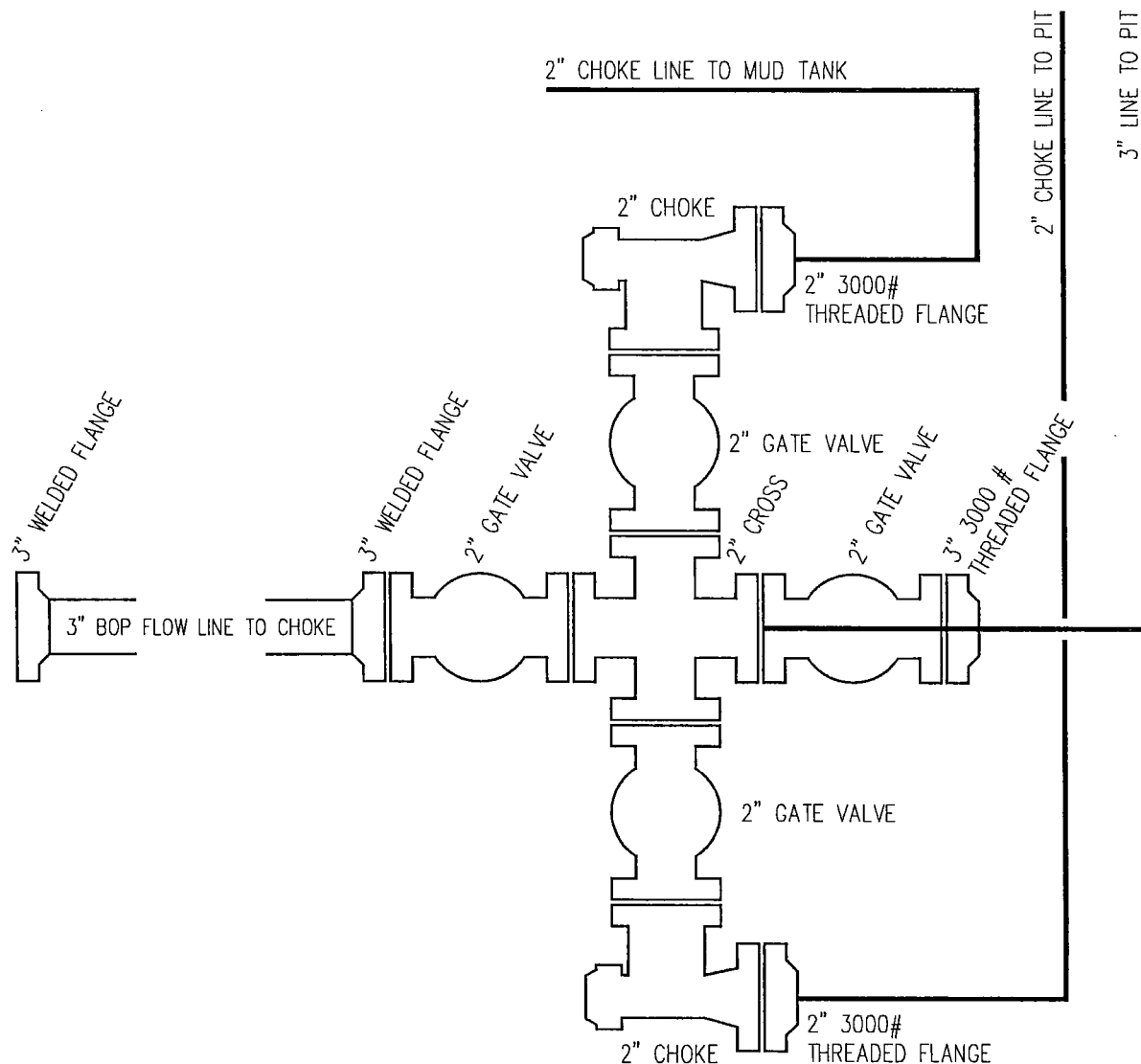
REVISIONS		
#	DATE	BY



**Environmental
Industrial
Services**

Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 (435) 472-3814 HELPER, UTAH 84526

MARION ENERGY, INC. 119 SOUTH TENNESSEE #200 McKINNEY, TEXAS			
DRAWING NAME:		TYPICAL RIG	
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 2



REVISIONS		
#	DATE	BY


Environmental Industrial Services
 Environmental & Engineering Consulting
 31 NORTH MAIN STREET
 (435) 472-3814 HELPER, UTAH 84526

MARION ENERGY, INC.
 119 SOUTH TENNESSEE #200
 MCKINNEY, TEXAS

DRAWING NAME:	TYPICAL RIG		
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 1

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 05/01/2006

API NO. ASSIGNED: 43-007-31172

WELL NAME: KENILWORTH RAILROAD 9-1
OPERATOR: MARION ENERGY INC (N2740)
CONTACT: BENJAMIN EVANS

PHONE NUMBER: 972-540-2967

PROPOSED LOCATION:

SENE 16 130S 100E
SURFACE: 1552 FNL 1136 FEL
BOTTOM: 0923 FSL 1432 FEL *Sec 9*
COUNTY: CARBON
LATITUDE: 39.69818 LONGITUDE: -110.8009
UTM SURF EASTINGS: 517071 NORTHINGS: 4394068
FIELD NAME: HELPER (18)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	<i>DKD</i>	<i>5/18/06</i>
Geology		
Surface		

LEASE TYPE: 4 - Fee
LEASE NUMBER: FEE
SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD
COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. B001617)
☐ Potash (Y/N)
☐ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. PRRV)
☐ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☐ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: _____
___ R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
☒ R649-3-11. Directional Drill

COMMENTS:

Needs Print (04-25-06)

STIPULATIONS:

*1- Spacing etc
2- STATEMENT OF BASIS*

T13S R10E

8

9

10

HELPER FIELD

17

16

15

BHL
17-2

BHL
16-2

BALLPARK CYN 17-2
BALLPARK CYN 16-2
BALLPARK CANYON #1

BHL
9-1

KENILWORTH RAILROAD 15-4
KENILWORTH RAILROAD 9-1
KENILWORTH RR #2

BHL
15-4

BHL
15-3

KENILWORTH RR #1
KENILWORTH RAILROAD 15-3

BLACKHAWK A-4

OPERATOR: MARION ENERGY INC (N2740)

SEC: 15,16 T. 13S R. 10E

FIELD: HELPER (18)

COUNTY: CARBON

SPACING: R649-3-11 / DIRECTIONAL DRILLING

Field Status

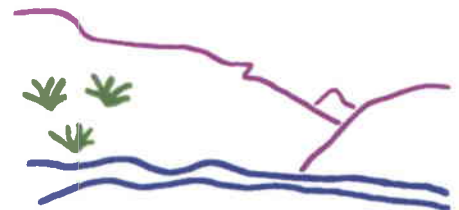
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

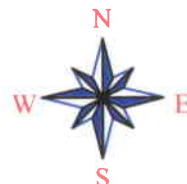
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 2-MAY-2006

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Marion Energy Inc.
WELL NAME & NUMBER: Kenilworth RR 9-1
API NUMBER: 43-007-31172
LEASE: Fee FIELD/UNIT: _____
LOCATION: 1/4,1/4 SENE Sec: 16 TWP: 13S RNG: 10E 1552 FNL 1136 FEL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4,1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): X= 517092 E; Y= 4394019 N SURFACE OWNER: American Electric Power.

PARTICIPANTS

M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection.

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~.6 miles northeast of Kenilworth, Carbon County, Utah. The immediate area surrounding the proposed well is mining activities, and wildlife habitat. Topography is steep and rocky. Location is staked on property owned by American Electric Power. Access to this well will be along existing County maintained roads and upgraded two-track roads. The direct area drains to the south into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area.

SURFACE USE PLAN

CURRENT SURFACE USE: Mining, grazing, and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 200' x 175' w/ 30' x 80' x 10' included pit. No additional surface disturbance planned, as this is an existing well pad.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 11 producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Kenilworth citizens have expressed their desire to not see oil and gas development near the town site.

WASTE MANAGEMENT PLAN:

Garbage - All garbage will be removed from site and disposed at the appropriate disposal facility.

Reserve pit contents - ECDC Environmental of Carbon County. Will haul and test as necessary all contents of reserve pit.

Produced Water - Will be hauled from site and disposed of in the appropriate disposal facility, unless agreements with other operators can be made to dispose produced water in existing disposal well.

Sanitation Facilities - Will be supplied and cleaned as necessary during drilling operations.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes are prominent throughout the immediate area of the proposed well location.

FLORA/FAUNA: Sagebrush, pinion, deer, rodents, fowl.

SOIL TYPE AND CHARACTERISTICS: Rocky clay.

SURFACE FORMATION & CHARACTERISTICS:

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Dugout earthen, 30'x80'x10', included w/in location.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required.

SURFACE RESTORATION/RECLAMATION PLAN

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: None requested by landowner.

OTHER OBSERVATIONS/COMMENTS**ATTACHMENTS**

Photos of this location were taken and placed on file.

Mark L. Jones
DOGM REPRESENTATIVE

April 25, 2006 / 2:50 pm
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>10</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 35 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: Marion Energy Inc.
WELL NAME & NUMBER: Kenilworth Railroad 9-1
API NUMBER: 43-007-31172
LOCATION: 1/4,1/4 SENE Sec:16 TWP:13 S RNG:10 E 1552 FNL 1136 FEL

Geology/Ground Water:

It is unlikely that significant volumes of high quality ground water will be encountered at this location. A poorly permeable soil is most likely to be developed on the Upper part of the Blue Gate Member of the Mancos Shale. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated. No underground water right has been filed within a mile of the location.

Reviewer: Christopher J. Kierst

Date: 5/11/2006

Surface:

Proposed location is ~610 feet northwest of the nearest residence on the Kenilworth community in Carbon County, Utah. The immediate area surrounding the proposed well is mining activities and recreation. Location is staked on property owned by American Electric Power. Access to this well will be along existing County maintained roads, existing gas field roads, and upgraded two-track roads, skirting around town on the north and west sides. The direct area drains to the southwest into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area. No additional surface disturbance is planned, as this is an existing well pad. Other issues talked about were; location layout, lining the reserve pit, access and right-of-ways, as well as concerns and potential concerns of nearby residents. M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection. The BLM was invited but chose not to attend.

Reviewer: Mark L. Jones

Date: May 5, 2006

Conditions of Approval/Application for Permit to Drill:

1. Liner (12 mil. minimum) in the reserve pit. (Existing pit and liner will be used).



[State Online Services](#)

[Agency List](#)

[Business.utah.gov](#)

Search Utah.gov

UTAH DIVISION OF WATER RIGHTS

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05-06 Marion Kenilworth J-1

Casing Schematic

Surface

9-5/8"
MW 8.4
Frac 19.3

TOC @
0.

Surface
500. MD
500. TVD

✓ w/ 13% cement

Bill
 $(.052)(8.6)(5424) = 24.25$

Anticipate - 1500

Geo
 $(.12)(5424) = 650$

MASIP - 1775

150.2' 2,000

✓ w/ 5% cement

Surf csg = 2220

70% = 1584

Max pressure @ Surf csg shoe = 1342

✓ Test To 1500 # (as proposed)

✓ Adequate DND 5/18/06

5-1/2"
MW 8.6

Production
6635. MD
5424. TVD

6014 Feet

1181 TOC Tail

Well name:
 Operator: **Marion Energy Inc**
 String type: **Surface**
 Location: **Carbon Co.**

05-06 Marion Kenilworth 9-1

Project ID:
 43-007-31172

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 72 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 185 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.447 psi/ft
 Calculated BHP 223 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 438 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 5,424 ft
 Next mud weight: 8.600 ppg
 Next setting BHP: 2,423 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 500 ft
 Injection pressure 500 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	500	9.625	32.30	H-40	ST&C	500	500	8.876	31.7
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	218	1370	6.282	223	2270	10.17	16	254	15.73 J

Prepared Clinton Dworshak
 by: Utah Div. of Oil & Mining

Date: May 17,2006
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 500 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:
 Operator: **Marion Energy Inc**
 String type: Production
 Location: Carbon Co.

05-06 Marion Kenilworth 9-1

Project ID:
 43-007-31172

Design parameters:

Collapse

Mud weight: 8.600 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 141 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 368 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 0 psi
 Internal gradient: 0.447 psi/ft
 Calculated BHP 2,423 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 5,535 ft

Directional well information:

Kick-off point 500 ft
 Departure at shoe: 2967 ft
 Maximum dogleg: 2 °/100ft
 Inclination at shoe: 50 °

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	6635	5.5	17.00	J-55	ST&C	5424	6635	4.767	228.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	2423	4910	2.026	2423	5320	2.20	92	229	2.48 J

Prepared Clinton Dworshak
 by: Utah Div. of Oil & Mining

Date: May 17,2006
 Salt Lake City, Utah

ENGINEERING STIPULATIONS: NONE

Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Collapse is based on a vertical depth of 5424 ft, a mud weight of 8.6 ppg The casing is considered to be evacuated for collapse purposes.

Burst strength is not adjusted for tension.

Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

Engineering responsibility for use of this design will be that of the purchaser.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 19, 2006

Marion Energy Inc.
119 S Tennessee, Ste. 200
McKinney, TX 75069

Re: Kenilworth Railroad 9-1 Well, 1552' FNL, 1136' FEL, SE NE, Sec. 16,
T. 13 South, R. 10 East, Bottom Location 923' FSL, 1432' FEL, SW SE,
Sec. 9, T. 13 South, R. 10 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31172.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Carbon County Assessor

Operator: Marion Energy Inc.
Well Name & Number Kenilworth Railroad 9-1
API Number: 43-007-31172
Lease: Fee

Location: SE NE **Sec.** 16 **T.** 13 South **R.** 10 East
Bottom Location: SW SE **Sec.** 9 **T.** 13 South **R.** 10 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.
5. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

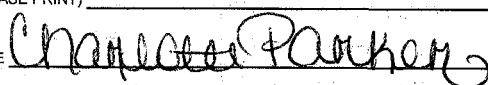
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee -BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1542.76ft FNL & 1103.14ft FEL COUNTY: Carbon		8. WELL NAME and NUMBER: Kenilworth Railroad #9-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E STATE: UTAH		9. API NUMBER: 4300731172
		10. FIELD AND POOL, OR WILDCAT: Helper

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Spud Correction
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please note that a spud sundry notice was submitted in error on the Kenilworth Railroad 9-1 which has not been spud. It was to be for the Kenilworth Railroad 15-4.

NAME (PLEASE PRINT) Charlotte Parker	TITLE Secretary
SIGNATURE 	DATE 9/18/2008

(This space for State use only)

RECEIVED
SEP 25 2008
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 1, 2008

Marion Energy, Inc.
119 S. Tennessee, Ste. 200
McKinney, TX 75069

Re: APD Rescinded – Kenilworth Railroad 9-1, Sec. 16 T. 13S, R. 10E
Carbon County, Utah API No. 43-007-31172

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 19, 2006.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 1, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Services Manager

Well Data

WELL SEARCH

WELL DATA

WELL HISTORY

WELL ACTIVITY

API NUMBER 4300731172 TYPE OF WORK DRILL UNIT NAME LEASE NUMBER FEE TYPE 4

APD DATA	APD RECEIVED	5 1 2006	PROPOSED DEPTH - APD	6636	SPUD DATES	DRY			
	APD APPROVED	5 19 2006	PRODUCING ZONE - APD	FRSD		ROTARY			
	APD EXTENSION DATE		PLANNED START DATE	5 12 2006					
	AUTH CODE	R649-3-11	WATER PERMIT	PRRV	SUNDRY REPORT				
	PROPOSED WELL TYPE	GW	APD CONTACT	BENJAMIN EVANS	INTENT RECEIVED				
	SINGLE / MULTIPLE ZONES	S	CONTACT PHONE	972-540-2967	WORK COMPLETED				
	LOCATION SURF - APD	1552 FNL 1136 FEL	NEEDS RDCC REVIEW		WORK CANCELED				
	LOCATION ZONE - APD	0923 FSL 1432 FEL	RDCC REVIEW DONE						

WELL COMPLETION & SUBSEQUENT SUNDRY DATA

LOGS RUN

REPORT RECEIVED		PRODUCING ZONE		DATE FIRST PRODUCED		CHOKE	
LOCATION AT TD		MULT. ZONES COMPL.		TEST DATE		TUBING PRES.	
DIRECT. HORIZ.		DIR SURV. CORED DST		OIL - 24HR TEST		CASING PRES.	
LATERALS COMPL.		COMPLETION METHOD		GAS - 24HR TEST		API GRAVITY	00.00
COMPLETION DATE		WELL STATUS	APD	WATER - 24HR TEST		BTU - GAS	
TD - MD TVD		WELL TYPE	GW	TEST METHOD		GAS-OIL RATIO	
PBTD MD TVD		PERFORATIONS					

COMMENTS 09182008 Spud date reported in error per sundry notice dated 09/18/08 (wrong well).

Get History

Create New Rec

Save

Cancel Change

Next Rec

Prev Rec

Print Recd

Export Recd

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

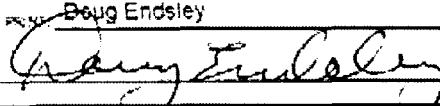
FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS		1. LEASE IDENTIFICATION AND SERIAL NUMBER FEE-BH-61504	
		2. IF APPLICABLE, ALLOTTEE OR TRUST NAME	
		3. UNIT OR CO-AGREEMENT NAME	
4. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <u>CBM</u>		5. WELL NAME AND NUMBER Kenilworth Railroad 9-1	
6. NAME OF OPERATOR Manon Energy, Inc.		7. API NUMBER 43-007-31172	
8. ADDRESS OF OPERATOR 119 So. Tennessee #200 McKinney TX 75069		9. PHONE NUMBER (972) 540-2967	
10. LOCATION OF WELL ELEVATION AT SURFACE: 1552.35 R FNL 1136.80 R FEL		COUNTY: Carbon	
11. TOWNSHIP, SECTION, RANGE, MERIDIAN: SENE 16 13S 10E		STATE: UTAH	

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (SEE INSTRUCTIONS) Add or delete data with this notice	<input type="checkbox"/> ADDEZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> FILTER CASING	<input type="checkbox"/> FRAC/TREATMENT	<input type="checkbox"/> SUEDEBACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of next completion: 7/6/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION START/RESUME	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMENCE PRODUCTION FORMATION	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Spud Sundry</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DISCUSS PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Kenilworth Railroad 9-1 was spudded at 7:00 am 7/5/06. A 12 1/4" hole was drilled to 520' TD was reached at 7:30 pm 7/5/06. Casing will be run and cemented on 7/6/06. A subsequent report will be filed when that work is completed.

NAME (PLEASE PRINT): Doug Endsley	TITLE: VP Operations
SIGNATURE: 	DATE: 7/6/2006

(This space for State use only)

5/2006

(See Instructions on Reverse Side)

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MAY 14 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: Marion Energy Inc. Operator Account Number: N 2740
Address: 119 S. Tennessee, Ste. 200
city McKinney
state TX zip 75069 Phone Number: (972) 540-2967

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731172	Kenilworth Railroad 9-1		SENE	16	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16200	7/5/2006			6/21/07	
Comments: <u>FRSD</u>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Benjamin Evans

Name (Please Print)

Signature

Landman

Title

6/19/07
Date

RECEIVED

JUN 19 2007

DIV. OF OIL, GAS & MINING

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Marion Energy, INC

Today's Date: 09/18/2007

Well:	API Number:	Drilling Commenced:
Cordingly Cyn 10-1 drlg/wcr	4300731173	05/19/2006
Ballpark Cyn 11-2 drlg/wcr	4300731169	05/30/2006
Ballpark Cyn 16-2X drlg/wcr	4300731207	06/05/2006
Alpine School Dist 6-17 drlg/wcr	4300731181	06/26/2006
Alpine School Dist 3-17 drlg/wcr	4300731182	06/26/2006
Kenilworth Rail Road 15-4 drlg/wcr	4300731170	07/05/2006
Kenilworth Rail Road 9-1 drlg/wcr	4300731172	07/06/2006
Ridge Runner 2-18 drlg/wcr	4301530683	08/12/2006

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee -BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, AIA, OTTEP, OR TRIBAL NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or F.S. AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1552 1136 1542.76ft FNL & 1103.14ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #9-1
5. PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731172
6. COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper
7. STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/14/2007	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Update
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

There is currently no activity, waiting on rig.

NAME (PLEASE PRINT) Charlotte Parker	TITLE Secretary
SIGNATURE <i>Charlotte Parker</i>	DATE 11/14/2007

(This space for State use only)

(See Instructions on Reverse Side)

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NOV 19 2007

DIV. OF OIL, GAS & MINING

NOTICE

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
- Within 30 days after the completion or plugging of a well, the following shall be filed:
 - Form 8, Well Completion or Recompletion Report and Log
 - A copy of electric and radioactivity logs, if run
 - A copy of drillstem test reports,
 - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
 - A copy of core analyses, and lithologic logs or sample descriptions if compiled
 - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

As of the mailing of this notice, the division has not received the required reports for

Operator: Marion Energy, Inc Today's Date: 02/14/2008

Well: API Number: Drilling Commenced:

See Attachment

43 007 31172
KENILWORTH RR 9-1
13S 10E 16

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please call (801) 538-5284.

cc: Well File
Compliance File

Well:		API Number:	Commenced:
Cordingly Cyn 10-1	drlg rpts/wcr	4300731173	05/19/2006
Ballpark Cyn 17-2	drlg rpts/wcr	4300731169	05/30/2006
Alpine School Dist 6-17	drlg rpts/wcr	4300731181	06/26/2006
Alpine School Dist 3-17	drlg rpts/wcr	4300731182	06/26/2006
Kenilworth RR 15-4	drlg rpts/wcr	4300731170	07/05/2006
Kenilworth RR 9-1	drlg rpts/wcr	4300731172	07/06/2006
Ridge Runner 2-19	wcr	4301530684	08/10/2006
Ridge Runner 2-18	drlg rpts/wcr	4301530683	08/12/2006
Ridge Runner 8-19	drlg rpts/wcr	4301530682	08/13/2007
Ridge Runner 1-30	drlg rpts/wcr	4301530680	09/11/2007

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER: Fee -BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069	7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (972) 540-2967	8. WELL NAME and NUMBER: Kenilworth Railroad #9-1
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1542.76ft FNL & 1103.14ft FEL	9. API NUMBER: 4300731172
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E	10. FIELD AND POOL, OR WILDCAT: Helper
COUNTY: Carbon	STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 3/7/2008	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Update
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

There is currently no activity, waiting on rig.

NAME (PLEASE PRINT) Charlotte Parker	TITLE Secretary
SIGNATURE <i>Charlotte Parker</i>	DATE 3/7/2008

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(5/2000)

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MAR 07 2008

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee -BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL 52 34 FOOTAGES AT SURFACE: 1542.76ft FNL & 1106.14ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #9-1
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731172
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper
		COUNTY: Carbon
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 4/4/2008	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Update
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

There is currently no activity, waiting on rig.

NAME (PLEASE PRINT) Charlotte Parker	TITLE Secretary
SIGNATURE <i>Charlotte Parker</i>	DATE 4/4/2008

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APR 14 2008
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee -BH-61504
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1542.76ft FNL & 1103.14ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #9-1
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E		9. API NUMBER: 4300731172
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION		TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input checked="" type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: Update
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 5/5/2008			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

There is currently no activity, waiting on rig.

NAME (PLEASE PRINT) Charlotte Parker	TITLE Secretary
SIGNATURE <i>Charlotte Parker</i>	DATE 5/5/2008

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MAY 08 2008

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:

Marion Energy, Inc

3. ADDRESS OF OPERATOR:

119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1542.76ft FNL & 1103.14ft FEL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 16 13S 10E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Spud Correction
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please note that a spud sundry notice was submitted in error on the Kenilworth Railroad 9-1 which has not been spud. It was to be for the Kenilworth Railroad 15-4.

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SEP 18 2008

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) Charlotte Parker

TITLE Secretary

SIGNATURE

Charlotte Parker

DATE 9/18/2008

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